Transport infrastructure projects, activities and initiatives
at national and international level, including development of dry ports to facilitate
intermodal transport in SPECA countries

(Item 4.1 of the Agenda)

Note by UNESCAP/UNECE

UNESCAP regional transport activities with focus on SPECA countries

1. Acting on the Bangkok Declaration on Transport Development in Asia and the Pacific, the work of the Economic and Social Commission for Asia and the Pacific (ESCAP) secretariat in the transport infrastructure sector has focused on the realization of the vision of an international integrated intermodal transport and logistics system in Asia with priority given to the development and upgrading of the Asian Highway (AH) and Trans-Asian Railway (TAR) networks, including intermodal interfaces to link them with water and air transport networks.

2. These networks have been formalized through two intergovernmental agreements which entered into force in 2005 and 2009, respectively and which have provided the necessary institutional background for a coordinated and rationale planning of regional infrastructure. The status of signatories concerning accession, signature, ratification and/ or approval of the two agreements by SPECA countries has remained the same since 2009 (Annex 1 and Annex 2).

The Asian Highway (AH)

3. The Intergovernmental Agreement on Asian Highway Network has been the basis of ESCAP secretariat’s work to promote and facilitate the development and upgrading of the international road network in the region, notably through five Working Group sessions in which SPECA member States and other States have actively participated. The 5th session of the Working Group on AH was held on 7-8 October 2013 in Bangkok, which was attended by 5
SPECA member countries\textsuperscript{1}. Through the meeting, some amendments to the Asian Highway network were adopted, detailed updates of Asian Highway development projects are provided by member countries, and latest progress in policies and issues related to international road transport such as financing and border-crossing are discussed.

4. To support the development of an efficient regional road network, the ESCAP secretariat recently implemented a project on “Promotion of Investment in the Asian Highway Network: Prefeasibility Studies of Priority Sections”. Under this project, technical assistance was provided to four developing member countries including Kyrgyzstan\textsuperscript{2} to undertake prefeasibility studies of selected priority routes and promote investment in the AH. As part of the project activities, national capacity building workshops to undertake prefeasibility investment studies were also delivered in these countries.

5. With the objective of creating awareness of investment opportunities in member countries and promoting investment in the priority projects along the AH, the ESCAP secretariat organized a second “Asian Highway Investment Forum” on 8-9 October 2013 in Bangkok as a back-to-back meeting with the 5\textsuperscript{th} session of the Working Group on AH\textsuperscript{3}. The outcome of the prefeasibility studies mentioned above was presented at this occasion and other potential investment opportunities in the AH network were also showcased.

6. Overall, notable progress has been made in the development and upgrading of the AH in conformity with the Agreement’s classification and design standards. While the proportion of Class I sections in SPECA countries increased from 1\% (2004) to 7.8\% (2012), the proportion of Below Class III, which doesn’t meet the minimum desirable standard, decreased from 29\% to 11.9\% during same period. There are, however, still over 3,000 km of AH routes that need to be upgraded, and the overall quality of Asian Highway in SPECA member countries is relatively low compared to other regions in Asia (Annex1).

**Trans-Asian Railway**

7. In 2013, SPECA countries continued their efforts to establish greater rail connectivity through the region. Two important projects are the Kars-Tbilisi-Baku (KTB) corridor and the Qazvin-Rasht-Astara (QRA) section. With reference to KTB, Azerbaijan has completed the modernization of the line between Baku and Beyouk Kesik at the border with Georgia. Work is also nearing completion on the Turkish section from Kars to Kartsakhi. However, work has yet

\textsuperscript{1} Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan and Tajikistan.

\textsuperscript{2} Upgrade of Bishkek-Chaldovar (AH5, 92km, 2 lanes, AH Class I and II) section was selected and examined as a priority route in Kyrgyzstan.

\textsuperscript{3} The first Asian Highway Investment Forum was held in Bangkok on 16 November 2007.
to be completed in Georgia on the section from Marabda (south of Tbilisi) to Kartsakhi. The corridor is expected to be completed in mid-2015. With reference to QRA, 75 per cent of the 205 km section between Qazvin and Rasht has been completed, while work has reportedly started on the 167 km section from Rasht to Astara. Azerbaijan recently discussed with partners the financing of the work for which no completion date has been fixed. In Uzbekistan, work is continuing on completing the missing link between Angren and Pap to which China is to provide financial assistance for the 19-km tunnel under the Kamchik Pass. In terms of operationalizing the Trans-Asian Railway network, the Governments of Azerbaijan, Georgia, Kazakhstan and Turkey are collaborating to launch a “Silk Wind” container block-train service that will run from Dostyk, the border station between China and Kazakhstan, to Aktau, a Kazakh port on the Caspian Sea. From there freight will be ferried across the Caspian Sea to the port of Alyat (Azerbaijan) for onward movement to Baku. Plans are for a first run in the summer of 2014.

8. Other important projects are also taking place on developing rail routes of international importance that have not yet been officially designated as part of the TAR network. An important project is the ongoing construction of a rail line from Uzen (Kazakhstan) to Gorgan (Islamic Republic of Iran) through Gyzylgaya-Bereket-Etrek (Turkmenistan). The link comprises of about 137 km of tracks in Kazakhstan, 470 km in Turkmenistan and 70 km in the Islamic Republic of Iran where it will link with the country’s main rail routes going all the way to sea ports on the Persian Gulf, i.e. the existing port at Bandar Abbas and the future port being developed at Chabahar. The line section in the territory of the Islamic Republic of Iran has been completed and, at the 3rd meeting of the Working Group on the Trans-Asian Railway Network (Bangkok, November 2013), the Government of the Islamic Republic of Iran proposed an amendment to Annex I of the Intergovernmental Agreement on the Trans-Asian Railway Network to have the section on its territory officially recognized as being part of the Trans-Asian Railway Network. Meanwhile, in May 2013, Kazakhstan and Turkmenistan celebrated the completion of a 146km line from Uzen (Kazakhstan) to Serhetyaka (Turkmenistan) as part of the project and bogie-changing facilities are being built at the border between Turkmenistan (which operates on a 1.520mm gauge) and the Islamic Republic of Iran (which operates on a 1.435mm gauge).

9. Another important project is the construction of a 988-km trans-Kazakhstan new rail route between Zhezkazgan and Beyneu. Completion will cut around 1,000 km from the east-west route between the Dostyk border crossing with China and the Caspian Sea port of Aktau.
10. In Afghanistan, following the 2010 completion of the 75-km single-track Khairaton - Mazar-i-Sharif rail line, the Government is receiving financial assistance from the ADB for the feasibility studies of a 225-km line from Mazar-i-Sharif to Aqina (border with Turkmenistan) and a 50-km line from Mazar-i-Sharif to the border with Tajikistan.

11. The secretariat continues to actively support the development and use of the Trans-Asian Railway network. In November 2013, it conducted the 3rd meeting of the Working Group on the Trans-Asian Railway Network, at which government officials had an opportunity to discuss issues and challenges relating to the development and operationalization of the network.

**Development of dry ports to facilitate intermodal transport in SPECA countries**

12. The development of a sustainable international integrated intermodal transport and logistics system for Asia and the Pacific is the vision of the transport ministers of the region. The Intergovernmental agreements on the Asian Highway and the Trans-Asian Railway networks have been successfully developed and are being implemented with the aim of establishing two essential regional infrastructure assets best able to serve the region’s economic integration and ensure shared prosperity. This development paradigm requires a new approach to how transport policies are envisaged, i.e. an approach based on the recognition of (i) emerging trade flows and (ii) a possible mismatch between these trade flows and current transport infrastructure.

13. To avoid this mismatch, it is essential that transport development be increasingly looked at from a regional perspective. This involves a detailed analysis of trade flows, a deep understanding of industry requirements and clockwork integration of transport modes, which can only happen at intermodal interfaces such as dry ports and through the provision of efficient logistic services.

14. A few countries of the region have already established well-functioning dry ports and put in place an efficient logistics industry. However, most countries are at the beginning of the process.

15. As a link in the transportation chain, dry ports have proven to have a positive effect on the efficiency of the logistic chain. Well-managed dry ports help reduce transportation costs and, in the case of dry ports located at a significant distance from a seaport, cut total transit time. This feature is particularly important for the ESCAP region which has vast hinterland areas and 12 of the world’s landlocked countries. In the European Union, successful dry ports have increased logistics efficiency and allowed a modal shift from roads onto rail or inland waterways, thereby supporting policies aiming to reduce carbon emissions within the logistics
chain. At the same time, a number of dry ports have provided valuable space for activities such as customs clearance, unpacking containers, added value and distribution with some of them turning into large logistics park.

16. SPECA countries belong to the countries in the world that are the most remote from major international maritime ports. Dry ports are therefore particularly relevant and essential to facilitate their access to international markets by acting as ports away from coastal areas through the provision of efficient intermodal transport and logistics services. As such, they can improve the efficiency of transport services available to the region and consequently its overall international competitiveness. Dry ports can also promote balanced spatial development by helping industrialization extension to the hinterlands.

17. Against this background, intermodal facilities and dry ports have, in recent years, received high-level commitment from governments in the ESCAP region. The Commission in its resolution 66/4 of 19 May 2010 and the second session of the Committee on Transport (Bangkok, 1-3 November 2010) requested the ESCAP secretariat to work on an intergovernmental agreement on dry ports. Pursuant to this, the secretariat developed a working draft of an intergovernmental agreement on dry ports based on the outcome of the Regional Expert Group Meeting on the Development of Dry Ports along the Asian Highway and Trans-Asian Railway Networks and the second session of the Committee on Transport held in Bangkok during 1-3 November 2010.

18. Three sub-regional meetings were subsequently organized in 2011 to provide platforms for member countries to refine the working draft of the agreement. One of these meetings was organized by the ESCAP secretariat in December 2011 in Dushanbe to deal specifically with the Central and North-East region⁴. An ad hoc intergovernmental meeting on intergovernmental agreement on dry ports was then convened in Bangkok from 20 to 22 June 2012 to finalize the draft agreement which was approved by the Committee on Transport at its third session in October 2012 and adopted by the Commission at its 69th session through resolution 69/7 of 1 May 2013. On this occasion, the Commission also requested the secretariat to organize a signing ceremony for the intergovernmental agreement on dry ports during the Forum of Asian Ministers of Transport at its second session (Bangkok, 4 to 8 November 2013). The ceremony took place on 7 November 2013 on which date 14 member States⁵ signed the Agreement.

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⁴ The subregional meeting was attended by 5 SPECA countries (Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, and Tajikistan).
⁵ Armenia, Cambodia, China, Indonesia, Islamic Republic of Iran, Lao People’s Democratic Republic, Mongolia, Myanmar, Nepal, Republic of Korea, Russian Federation, Tajikistan, Thailand (also became Party), Viet Nam.
including one which deposited an instrument of ratification. The Agreement remains open for signature at United Nations headquarters in New York until 31 December 2014.

19. In drafting Annex I to the Agreement, member States were invited to indicate dry ports of international importance, either existing or planned for development, within their respective territories. So far 43 such dry ports have been identified by SPECA member countries (see Annex). It is envisaged that the list in the Annex, which also reflects the status of SPECA member countries relevant to the Agreement, will serve the coordinated development of important nodes in an international integrated intermodal transport and logistics system.

20. It is anticipated that formalizing the development of dry ports through an intergovernmental agreement would (a) promote international recognition of dry ports, (b) facilitate infrastructure investment by attracting strong commitment of member States and increased financing from international banks and bilateral donors, (c) define operational services for a more harmonized approach to the development and operation of dry ports in the region through enhanced collaboration with the private sector and (d) contribute to the development of an efficient logistics industry in member States.

21. With the above expectations in mind, the secretariat organized a “seminar on capacity-building for the development and operation of dry ports of international importance” for countries of North and Central Asia and East and North-East Asia in Busan, Republic of Korea, on 11 and 12 June 2013. Officials of Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, amongst other countries, attended the seminar which was a networking event between government officials and high-level experts, involved in the planning, design, development and operation of dry ports of international importance.

22. Experts and participants took an active part in the seminar and showed agreement on the fact that the dry ports concept offers countries opportunities to improve their logistics industry, facilitate complementarity between different transport modes and reduce transport costs. They also recognized that the development of dry ports touches upon institutional as well as technical matters and therefore that the process – to be successful – requires the involvement of a broad spectrum of stakeholders in both the public and private sectors. The absence of a dedicated ministry/agency responsible for dry port development (and the development of intermodal facilities in general) in most countries was identified as an obstacle to the implementation of related policies and projects.
UNECE regional transport activities with focus on SPECA countries

**Euro-Asian Transport Links**

23. In 2013, the Euro-Asian Transport Links (EATL) project continued to fulfil its role as the platform for cooperation and coordinated development of the Euro-Asian land transport links. The primary goal of Phase II, completed by the end of 2012, was the revision of EATL priority transport infrastructure projects identified in Phase I and development of an updated international investment plan for new projects that would entail a consistent and realistic short, medium and long-term investment strategy for the identified road and rail EATL routes. Further results of the phase II included an extensive inventory of specific road, rail, inland waterway, maritime port, inland terminal and other infrastructure projects for the 27 participating countries, together with their estimated budget and an implementation timetable. At the end of the phase II, the secretariat published the final report.

24. The Second EATL Ministerial Meeting took place on 26 February 2013 and marked the conclusion of phase II of the project as well as the launch of the EATL Phase III (2013-2015). The Ministerial Meeting endorsed the final report of the phase II and supported the continuation of the project in the next phase in its Joint Statement. Thirty two Governments signed the Joint Statement on Future Development of Euro-Asian Transport Links which, inter alia, reiterated their willingness to work together towards the implementation of activities that:

(a) aim to develop and enhance favourable financial conditions to ensure sustainable and long-term financing of priority transport infrastructure projects in order to integrate them into medium and long-term investment programmes adopted at the national level;

(b) foster and sustain coordination and collaboration with other participating member States, international organizations and International Financial Institutions as well as other stakeholders from the public and private sector to ensure that additional financial resources for completion of identified priority projects are made available;

(c) orderly and systematically remove the remaining non-physical barriers along the Euro-Asian transport routes crossing their countries;

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(d) support the establishment of an adequate mechanism to ensure continued monitoring and the follow-up activities of the project, and the most appropriate modalities to use the existing structures and available resources of the UNECE; and
(e) support further implementation and continuation of the EATL project in a new Phase III (2013–2017) with clearly defined targets and measurable objectives and ensure the necessary resources for its timely implementation.

25. The EATL participating countries increase from 27 (Phase II) to 38 countries (Phase III). This increase demonstrates both the growing interest for and relevance of the work that has been carried out so far in the previous two phases of the EATL project.

26. The primary objective of Phase III is to make operational the identified nine road and nine rail EATL routes. The Expert Group and the secretariat initiated the process expected to convert results of the Phase II into reality during Phase III, as much as the available resources permit. To this end, the EATL Expert Group had a meeting on 10 September 2013 in Geneva which brought together EATL countries with the priority infrastructure projects and International Financial Institutions. This activity will continue throughout the phase III, together with other concrete activities according to the plan of work adopted by the EATL Expert Group in September 2013.

27. In order to promote the EATL project and its potential impact on the Euro-Asian region, the secretariat presented this project at the Euro-Asia Economic Forum in Xian, People’s Republic of China in September 2013. The participants expressed their keen interest for the project and in opportunity to participate in activities of the phase III. The Government of Mongolia also expressed strong interest for the project and its representatives were informed about the details of the project in November 2013.

28. The EATL project now enters in the most critical phase. The operationalization of Euro-Asian links, the core activity of the phase III, will require specific knowledge and additional skills which may only be available in private sector. To be able to fully and efficiently accomplish agreed objectives of the phase III, the project will require additional financial support from governments, private sector and International Financial Institutions. The attractiveness of the project and opportunities which could be opened up with its complete implementation are not sufficient to attract potential donors and contributors. The full and committed political as well as financial support by participating Governments is needed more than ever before in order to attain the full benefits of the EATL project.
The Project Working Group may wish to

- Encourage those SPECA countries that have not yet done so to take measures towards ratification, acceptance, approval of or accession to the Intergovernmental Agreement on the TAR network and the AH network; this is of particular importance as only countries that are Parties can propose amendments to the Agreement and thereby reflect their infrastructure development;

- Encourage member countries to take necessary actions to become Parties to the Intergovernmental Agreement on Dry Ports;

- Request SPECA countries that are Parties to the Agreements to consider proposing amendments to the AH and TAR networks at the next meeting of each respective Working Group\(^7\) in order to reflect latest development in infrastructure development and planning; it must be noted that countries that are not Parties can suggest amendments through a country that already is a Party;

- Invite SPECA countries to actively participate in the secretariat’s activities relating to the development of dry ports of international importance;

- Invite SPECA countries to exchange information with the secretariat (e-mail: escap-ttd@un.org) on a regular basis on the latest status of key national and regional road and rail infrastructure projects, and provide the secretariat with information on ongoing and/or planned initiatives relating to policies and projects aiming at developing dry ports of international importance in their respective countries, including issues and challenges;

- Give its support to the EATL Work Plan;

- Encourage Governments to participate more actively in the activities of the EATL Group of Experts and

- Invite Governments and other donors to contribute to the EATL budget, preferably on a project basis.

\(^7\) Next AH Working Group Meeting and TAR Working Group Meeting will be held in the second half of 2015.
### Annex I: Asian Highway Network in SPECA countries

<table>
<thead>
<tr>
<th>SPECA Country</th>
<th>Primary</th>
<th>Class I</th>
<th>Class II</th>
<th>Class III</th>
<th>Below III</th>
<th>Total</th>
<th>Status Year</th>
<th>AH Agreement Signed in</th>
<th>Entry into force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>0</td>
<td>10</td>
<td>2,519</td>
<td>0</td>
<td>1,718</td>
<td>4,247</td>
<td>2008</td>
<td>2004</td>
<td>2006</td>
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<td>Azerbaijan</td>
<td>0</td>
<td>291</td>
<td>1,174</td>
<td>0</td>
<td>0</td>
<td>1,465</td>
<td>2012</td>
<td>2004</td>
<td>2005</td>
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<td>Kazakhstan</td>
<td>0</td>
<td>557</td>
<td>5,407</td>
<td>6,389</td>
<td>475</td>
<td>12,828</td>
<td>2010</td>
<td>2004</td>
<td>2008</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>0</td>
<td>0</td>
<td>303</td>
<td>1,324</td>
<td>136</td>
<td>1,763</td>
<td>2012</td>
<td>2004</td>
<td>2006</td>
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<tr>
<td>Tajikistan</td>
<td>0</td>
<td>20</td>
<td>978</td>
<td>0</td>
<td>914</td>
<td>1,912</td>
<td>2012</td>
<td>2004</td>
<td>2006</td>
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<td>24</td>
<td>2,204</td>
<td>2008</td>
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<td>2006</td>
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<td>670</td>
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<td>2,966</td>
<td>2008</td>
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<td><strong>Total</strong></td>
<td>0</td>
<td>2,133</td>
<td>11,482</td>
<td>10,503</td>
<td>3,267</td>
<td>27,385</td>
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</tbody>
</table>

| Percentage (SPECA countries only) | 0% | 7.8% | 41.9% | 38.4% | 11.9% |
| Corresponding percentage in 2004 | 0% | 1%   | 14%   | 55%   | 29%   |
| Latest percentage for the whole AH network | 16.1% | 17.6% | 36.6% | 21.6% | 8.1% |

### Annex II: Trans-Asian Railway Network in SPECA countries

<table>
<thead>
<tr>
<th>SPECA Country</th>
<th>TAR Network</th>
<th>TAR Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gauges (mm)</td>
<td>Route Length (km)</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>1,520</td>
<td>1,261</td>
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<td>1,750</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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*Date of Ratification, Acceptance (A), Approval (AA), Accession (a)