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**Co-ordinator of OSCE Economic and  
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**Vienna, 27 October 2005**

To: All OSCE Delegations  
Partners for Co-operation  
Mediterranean Partners for Co-operation

Subject: Background Paper – First Preparatory Conference for the Fourteenth  
OSCE Economic Forum

Attached herewith are the Background Paper for the First Preparatory Conference for the Fourteenth OSCE Economic Forum - “The role of transportation to enhance regional economic co-operation and stability”, Dushanbe, Tajikistan, 7-8 November 2005.



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and Environmental Activities**

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## **BACKGROUND PAPER**

**FIRST PREPARATORY CONFERENCE TO THE FOURTEENTH OSCE ECONOMIC FORUM  
“THE ROLE OF TRANSPORTATION TO ENHANCE  
REGIONAL ECONOMIC CO-OPERATION AND STABILITY”**

**DUSHANBE, TAJIKISTAN, 7-8 NOVEMBER 2005**

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## **1. INTRODUCTION**

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Further to the proposal made by the incoming Belgian Chairmanship of the OSCE, the Permanent Council decided on 7 July 2005 that the theme of the 14<sup>th</sup> OSCE Economic Forum to be held in 2006 will be "Transportation in the OSCE area: secure transportation networks and transport development to enhance regional economic co-operation and stability".

The preparatory process for the 14<sup>th</sup> OSCE Economic Forum was launched by a Special Meeting of the Economic and Environmental Sub-Committee of the Permanent Council, held in Vienna on 7 October 2005. The incoming Belgian Chairmanship of the OSCE prepared and circulated an Introductory Note on the theme of the Forum (CIO.GAL/136/05).

The topic of the first preparatory Conference, to be held in Dushanbe, Tajikistan, on 7-8 November 2005 is "The role of transportation to enhance regional economic co-operation and stability".

This paper attempts to present a number of transport related issues which will be discussed at the Dushanbe Conference, thus providing 'guidance' through the Conference's agenda and 'food for thought' for participants and delegations, with a view to help them identifying the most realistic and suitable suggestions for the future engagement of the OSCE in the area of transport.

## **2. THE ROLE OF TRANSPORT IN REGIONAL ECONOMIC CO-OPERATION AND STABILITY**

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The development and the security of transportation networks in the OSCE area represent indeed a crucial theme in the economic and environmental dimension of the OSCE.

Transport plays a major economic, social and geo-political role, which in turns explains why it is such an important factor for regional co-operation and stability. It is a basic precondition for national economic and social development. Transport provides an indispensable underpinning to the development of international trade. International transport is also crucial for the integration of countries and for reduction of economic and social disparities among them. Facilitation and development of secure international transport networks is therefore of strategic importance for all countries.

Transport is vital to the well functioning of economic activities, to production and distribution of goods as well as to trade. The ability of any entrepreneur, SME, company or country to compete successfully, further develop its activities and integrate into the national or global economy depends on its productive capacities as well as on its ability to bring goods to the market at the lowest possible cost and under predictable conditions. Transport costs may constitute an important barrier to market access.

Transport efficiency, in terms of costs and time, depends on many factors but in particular on the physical transport infrastructure (roads, railways, airports, ports) and on the activities associated with transport (loading/unloading, various controls, border crossing procedures,

documents needed, etc) and the administrative efficiency of such activities. Any decision, activity, analysis related to such aspects should also take into account, besides the economic costs and benefits, the security risks and environmental concerns.

Transport ensures the everyday mobility of populations and allows them to perform their economic and social activities. It helps to provide access to basic services such as health and education. In addition transport is an important economic sector itself, which accounts for a significant share of GDP and employment. Furthermore, transport is crucial for the integration of regions, particularly those that are peripheral and isolated and for the reduction of imbalances among them.

Transport however may also affect negatively people's safety and health as well as the environment if special attention is not given to its external effects.

For these reasons transport involves the strategic responsibility of Governments, which play two main roles: the development of a large part of transport infrastructure, although private sector activities in the transport sector as well as public private partnerships are increasingly developed, and the provision of policy and regulatory frameworks within which transport services can develop efficiently and under the best possible conditions of safety and environmental protection. Another reason for Government's involvement in the transport sector is the security dimension. Events in recent years have undeniably demonstrated the vulnerability of the transport sector to terrorism and organized crime, creating a pressing need for a sector specific approach to security, which brings us closer to the specific OSCE mandate.

The development/construction or restoration of transport networks is costly. Governments have to make important investment decisions and allocate often scarce resources while at the same time considering other needs (education, health, other development needs etc.). Often external resources need to be attracted either from international financial institutions or the private sector, who will also carefully assess the efficiency of such an investment (given that benefits are difficult to assess and might only be apparent in years).

In the case of international transport routes, only a co-ordinated investment decision and implementation of an infrastructure project can guarantee its economic efficiency and the fair distribution of benefits. It has often been underlined that in addition to important budgetary or financial resources, the development of transportation requires also sustained policy reforms, dialogue and cooperation. At the regional level it is important to make sure that all countries benefit from the development of transport infrastructure and are connected to the major routes. Countries may have diverging views and interests regarding transportation routes and political sensitivities may be high. Every country would like to attract more infrastructure investments and would favour those routes crossing its territory but, since this is not always economically efficient, a compromised, negotiated solution should be sought.

Because of its cross-border nature, transport requires a high level of co-operation at regional and sub-regional levels, to ensure consistency in infrastructure investment priorities, harmonization of policies and common approaches to enhance security.

Co-operation at the regional and sub-regional levels is necessary to achieve efficient and secure transport networks underpinning sustainable economic development. Furthermore the

environmental dimension of transport networks and transport policies is gaining increasing recognition and requires transboundary co-operation.

Neither security nor efficiency in transport networks can be ensured without a strong dose of regional co-operation. The OSCE, based on its mandate and wide membership, is well placed to provide an important contribution in this respect, by enhancing awareness and political will in this area.

The OSCE could in particular bring an added value by emphasizing the impact of transportation development on stability and security through its impact on economic development, as well as on the environment, and could facilitate the co-operation among countries concerned, between them and the international financial institutions or between the public and private sectors.

Of particular relevance for the OSCE are the situations of (frozen) conflict zones, in which, on the one hand, trade with the affected area is impeded, while, on the other hand, international transport transiting the area has to be rerouted to safer, more predictable corridors. Transport development can also play an important role in conflict resolution and confidence building.

### **3. EXISTING ACTIVITIES AND INITIATIVES IN THE AREA OF TRANSPORTATION**

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A number of international organizations are already dealing with transport issues and promoting co-operation at the global or regional levels. Some organizations, also active in the OSCE area, have a broad mandate covering all or most transport modes. Others are dealing with a specific transport mode only. Organizations such as the United Nations Economic Commission for Europe (UNECE) and the European Commission concentrate also part of their activity on transport matters, aiming at harmonizing policies in their respective membership, at setting, when possible, rules and regulations, norms and standards, and at developing co-operation with countries which are not members of their organization or with other international bodies. There are also regional and sub-regional organizations and initiatives which have transport development and the promotion of regional co-operation in the field of transport on their agenda.

The OSCE will not in any way aim at duplicating or interfering with the very valuable work done by international organizations. It will approach the development and the security of transport networks in the OSCE area from the point of view of its specific security and co-operation mandate, reinforcing and complementing the work undertaken by the other institutions. It will enhance awareness of issues that are sometimes known only by sectoral experts and promote political will to respect existing commitments. It will aim at highlighting in its own unique platform of political dialogue what are the key issues that require attention at the highest level, and at identifying gaps in the existing systems of regional co-operation.

The following constitute a few sample organisations, but by no means is this list exhaustive.

### 3.1. REGIONAL AND SUB-REGIONAL ORGANIZATIONS

#### **UNECE**

The **United Nations Economic Commission for Europe (UNECE)** has a long-standing experience and expertise in the field of transport, in particular in developing international legal instruments. The agreements and conventions developed by the UNECE members establish pan-European transport networks, simplified and secure border procedures, rules for safe and secure road traffic, regulations for safe, environmentally sound and anti-theft protected vehicles, regulations for safe carriage of dangerous goods and other regulations that facilitate international transport while providing a high level of safety, environmental protection and security in transport, including international transport. (See ANNEX 1 for more information – the annex includes a comprehensive list of UNECE Conventions, out of which some might be relevant for the theme of the 14<sup>th</sup> OSCE Economic Forum; the UNECE and the OSCE could possibly co-operate for promoting the implementation of some of these Conventions).

The mandate of the UNECE in the transport sector concerns only inland transport. The UNECE developed four main agreements that aim at the development of coherent networks for road, rail, inland water and combined transport respectively. These infrastructure agreements currently constitute the only Pan-European legal basis for the long-term development of coherent international networks for the various modes of inland transport. A number of Central, Eastern and South-Eastern European governments co-operate in the framework of the UNECE Trans-European North-South Motorway (TEM) and the Trans-European Railway (TER) Projects with a view to the coordinated development of their international road, rail and combined transport networks.

The UNECE transport rules and regulations can be applied in all member countries and are important for the uninterrupted functioning of transport services in the UNECE region, as well as for ensuring a high level of safety and environmental protection in transport. In addition, the UNECE members provide every year statistical data on their road, rail and inland water transport networks.<sup>1</sup>

#### **UNESCAP**

In its region, the **United Nations Economic Commission for Asia and the Pacific (UNESCAP)**<sup>2</sup> is also carrying out transport related activities. There are three sections within UNESCAP dealing with transport.

The Transport Infrastructure Section is working closely with member countries to develop a dynamic network of highways, railways and ports across the ESCAP region. As part of the Asian Land Transport Infrastructure Development Project (ALTID), the Asian Highway and Trans-Asian Railways networks are being developed, which provide a framework for internationally agreed routes and infrastructural standards. The Section is also supporting the development of intermodal transport, which will allow countries to maximize the use of their existing infrastructure as well as reduce the environmental impact of transport processes.

The Transport Facilitation Section seeks to assist member countries to integrate all modes of transport, adopt effective multimodal and logistics solutions, overcome non-physical

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<sup>1</sup> <http://www.unece.org>

<sup>2</sup> <http://www.unescap.org>

bottlenecks, harmonize legal regimes relating to facilitation and strengthen human resources and institutional capacities.

The Transport Policy and Tourism Section works to improve the information context of transport planning and policy formulation at the regional, national and local levels so that the policy and decision makers in the member countries are more aware and better informed about emerging issues, developments and alternative policy options. The main areas of work include transport planning and policy formulation, networking, public-private partnership, and social, environmental and safety aspects of transport.

### **SPECA**

The **United Nations Special Programme for the Economies of Central Asia (SPECA)** is a joint undertaking of the Central Asian countries (CAS), UNECE and UNESCAP. The Silk Road Area Development Programme (SRADP), established in July 2001, focuses on Central Asian republics and China. SRADP is a mechanism for cross -sectoral, as well as cross-border, analysis and resolution of member country priority issues.<sup>3</sup>

### **European Commission**

Integrated European transport policies and the development of a reliable transport system were, from the very beginning, of great importance for the continuing development of the Union. They continuously evolved, along with the European integration process. A single market, with freedom of movement within it for goods, persons and services, could not have been achieved unless the various regions and national networks making up that market were properly linked by modern and efficient infrastructure.

The idea of **Trans-European Networks (TEN)** emerged by the end of the 1980s as a key element for the creation of the Internal Market and the reinforcement of Economic and Social Cohesion. This development includes the interconnection and interoperability of national networks as well as access to such networks. The construction of Trans-European Networks is also an important element for economic growth and the creation of employment. A large number of projects of common interest have benefited from financial support of the Community budget through the TEN-budget line as well as the Structural Funds and Cohesion Fund. The European Investment Bank (EIB) has also greatly contributed to the financing of these projects through loans.

In September 2001 the European Commission<sup>4</sup> adopted the **White Paper “European Transport Policy for 2010: Time to Decide”**. With this new Transport Policy White Paper, the Commission is proposing an Action Plan aimed at bringing about substantial improvements in the quality and efficiency of transport in Europe. It is also proposing a strategy designed to gradually break the link between constant transport growth and economic growth in order to reduce the pressure on the environment and prevent congestion while maintaining the EU’s economic competitiveness. It is proposing 60 or so measures to develop a transport policy for Europe’s citizens, in areas such as passenger’s rights, safety, quality of transport services, major infrastructure work, managing globalization etc.

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<sup>3</sup> <http://www.unece.org/speca/>.

<sup>4</sup> [http://europa.eu.int/comm/transport/index\\_en.html](http://europa.eu.int/comm/transport/index_en.html)

In the context of the European enlargement process, the European Commission paid increased attention to the development of transport links with the candidate countries, the new neighbouring countries and beyond.

The **Pan-European Transport Network** and the corridor concept have been developed along with three Pan-European Transport conferences (Prague in 1991, Crete in 1994 and Helsinki in 1997). Ten corridors have been identified, having a total length of about 48.000 km, of which 25.000 are rail network and 23.000 are road network.

The Pan-European Transport Network<sup>5</sup> consists of the following components:

- the Trans-European Transport Network (TEN) on the EU territory;
- the Transport Infrastructure Needs Assessment (TINA) Network, which consists of the ten corridors and the additional network components within the candidate countries for accession;
- the ten Pan-European Transport Corridors in the candidate countries for accession, in the NIS and beyond;
- the four Pan European Transport Areas (PETrAs) covering maritime areas; and
- the Euro-Asian Links, notably TRACECA.

At EU level, in September 2004 a **High Level Group on the extension of transport axes to the neighbouring countries and regions** was established. Its main objective is to look at how to connect better the EU with its Neighbours and make proposals in that regard by identifying a limited set, some 5-7, of major transnational transport axes and priority projects.

The High Level Group is also mandated to make proposals to the Commission on so called ‘horizontal priorities’, which include strengthening regional co-operation, ensuring technical and administrative interoperability, promotion of intermodal transport, standardisation, technical and administrative interoperability, traffic management systems, cross border and operational procedures, quality and environmental sustainability requirements.

#### **EU-Russia transport relations**

On 3 October 2005, Jacques Barrot, Vice President of the European Commission in charge of transport, and the Minister for Transport of the Russian Federation, Igor Levitin, signed, in Brussels, a Memorandum of Understanding on the creation of an EU-Russia Transport Dialogue. The new dialogue should lead to stronger EU-Russia transportation and infrastructure links. It entails a regular exchange of information in order to create benefits for both economies and their consumers. The Dialogue will be structured around five specific Working Groups that will meet on a regular basis to discuss issues of common interest in all modes of transport.

The following five Working Groups are currently foreseen: Transport strategies and Public-private partnership (PPP); Transport security; Air transport; Maritime, sea-river and inland waterway transport; and Road and rail transport.

The Dialogue will promote a better understanding of current and future policies in transportation on the basis of the EU-Russia Partnership and Co-operation Agreement. It will, for instance, promote co-operation in areas such as maritime and aviation safety standards and interoperability in the rail sector. The Dialogue will also contribute to the broader efforts undertaken by the Russian Federation and the European Union to implement the “Road Map” on the Common European Economic Space agreed at the EU-Russia Summit in Moscow in May 2005.

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<sup>5</sup> Status of the Pan-European Transport Corridors and Transport Areas – Development and activities in 2000 and 2001, Final Report, Vienna, April 2002

The work of the Group consists mainly in identifying major axes, based on an institutional dimension (a priority axis should facilitate the exchanges between the EU and its neighbours by extending the major TEN axes to the neighbouring countries or broader regions, taking into account the existing priority reference networks and corridors in the different regions) and a functional dimension (a priority axis should be an important route for international traffic flows between the EU and its neighbouring countries or regions, in particular in the longer term) and in establishing criteria for selecting priority projects (projects should form part of one of the priority transnational axes, should also be of sufficient size and significance, there should be a firm commitment by the country or region concerned to implement the project) and for their evaluation (improving economic efficiency, enhancing environmental sustainability of transport systems- reduction in air pollution, noise, green house gases, etc., improving transport safety and security)

### **ECMT**

The **European Conference of Ministers of Transport (ECMT)** is an intergovernmental organisation established in 1953. It is a forum in which Ministers responsible for transport, and more specifically the inland transport sector, can co-operate on policy, discuss current problems and agree upon joint approaches aimed at improving the utilisation and at ensuring the rational development of European transport systems of international importance. As of October 2003, there are 43 full Member countries, 7 Associate countries and 1 Observer country. Twenty-eight of these countries have joined since 1991.

The ECMT's role primarily consists of:

- helping to create an integrated transport system throughout the enlarged Europe that is economically and technically efficient, meets the highest possible safety and environmental standards and takes full account of the social dimension;
- helping also to build a bridge between the European Union and the rest of the continent at a political level; and
- providing a forum for analysis and discussion on forward looking transport policy issues for the countries involved.

The ECMT has numerous Working Groups on various transport related topics. The Working Groups direct research and prepare reports which represent the basis for conclusions, Recommendations and Resolutions for discussion at the annual Ministerial Session of the Conference. Of special interest are the Working Groups on Integration of New Member States, on Combating Crime and Terrorism in Transport, on Transport Infrastructure Investment: Funding Future Infrastructure Needs, on Intermodal Transport, on Transport and Environment.

On 1 January 2004 a joint OECD/ECMT Transport Research Centre was established. The purpose of this Centre is to merge the ECMT's research activities and the OECD's Road Transport & Intermodal Linkages Research Programme and provide a much wider international forum devoted to research and related discussions on surface transport with a new intermodal perspective.

The ECMT also produces several statistical publications and publishes extensively on a wide variety of topics.<sup>6</sup>

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<sup>6</sup> <http://www.cemt.org/>

## **BSEC**

The Member States of the **Organization of the Black Sea Economic Cooperation (BSEC)** will aim to promote sustainable transport systems which meet the economic, social and environmental needs of the people of the Black Sea region, to reduce regional disparities and to link the BSEC region's transport infrastructure to European and Asian Networks through Black Sea Pan-European Transport Area (PETrA), TRACECA and other projects and programs.

The main directions for cooperation of the Member States in the field of transportation are the following<sup>7</sup>:

- elaboration of concrete measures for the implementation of priority projects aimed at the development of the international transport infrastructure in the BSEC region;
- creation of favourable investments conditions which would facilitate the participation of the private sector in the construction and operation of modern transport infrastructure;
- development and harmonization of the legislation in the field of transport and cross-border regime;
- coordination of measures for the operation and interaction of different modes of transportation;
- increase transportation security and cargo safety; and
- introduction of new technologies promoting transportation of cargoes and acceleration of their delivery.

### **3.2. ROAD**

The **International Road Federation (IRF)** is a global platform that brings together public and private entities committed to road development. The IRF was established in 1948 and has a wide network across more than eighty countries and six continents. Working together with its members and associates, the IRF promotes social and economic benefits that flow from well-planned and environmentally sound transportation networks.

Among IRF's objectives<sup>8</sup> are:

- promoting the education and understanding of the social, economic and environmental benefits derived from developing modern road networks, road transport systems and road traffic control;
- encouraging and supporting the planning and execution of economically and environmentally sound programs for the improvement and extension of road networks;
- providing educational and training programs relating to the development and maintenance of road and road transport systems;
- advising, assisting and promoting the endeavours of existing national and regional road federations; and
- collecting, collating and distributing relevant statistical, technical, economic, educational and other material pertaining to the improvement of road systems and standards.

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<sup>7</sup> <http://bsec-organization.org/temp/homepage.htm>

<sup>8</sup> <http://www.irfnet.org>

Another organization active in the field of road transportation is the **International Road Transport Union** (IRU), founded in Geneva in 1948, which has local and global reach through its 180 members in 70 countries. IRU members drawn from national road transport associations. In addition, vehicle manufacturers, combined transport companies and others are associated members.<sup>9</sup>

Thus, the IRU represents the entire road transport industry world-wide. It speaks for the operators of coaches, taxis and trucks, from large transport fleets to driver-owners and acts as the industry's advocate. Among its practical services to the industry, the IRU is an international guarantor of the TIR carnet system under which trucks are sealed by customs upon departure and can cross several borders without further checks until they reach their destinations.

The IRU maintains close working relationships with the competent national, inter-governmental and non-governmental organizations and works for harmonisation and simplification of procedures affecting road transport and strives to lift the barriers to international transport and trade.

### **3.3. RAILWAYS**

With regard to railways transportation, the **International Union of Railways** (UIC) plays a leading role. The UIC main tasks involve promoting technical cooperation between its members to improve operating conditions and the quality of services offered to customers and maintaining and developing the overall coherence of the railway system, notably at pan-European level, and achieving interoperability.<sup>10</sup> In this context, the UIC is responsible for putting forward specifications and standards to standardisation bodies, acting as a technical platform to support the work of railway associations, defining common provisions and recommendations, concluding agreements with Intergovernmental Organisations and other organisations responsible for transport matters or which co-operate with the railways.

The **Intergovernmental Organisation for International Carriage by Rail** (OTIF) was set up on 1 May 1985 as a consequence of the Convention of 9 May 1980 (COTIF). Its predecessor was the Central Office for International Carriage by Rail which was set up in 1893. Until the signature of the Protocol of 3 June 1999 (Vilnius Protocol) for the modification of COTIF, the objective of this Governmental Organisation was principally to develop the uniform systems of law which apply to the carriage of passengers and freight in international through traffic by rail.

42 States are Members of OTIF at the present time: all the European States, excluding the successor states of the former Soviet Union, but including Lithuania, Latvia and the Ukraine, four Near Eastern states and three North African states. The CIV/CIM Uniform Rules apply over about 240 000 km of rail routes and about 23 000 km of road and sea routes.<sup>11</sup>

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<sup>9</sup> <http://www.iru.org/>

<sup>10</sup> <http://www.uic.asso.fr/>

<sup>11</sup> <http://www.otif.org>

### 3.4. MARITIME AND INLAND WATERWAYS

In 1948 an international conference in Geneva adopted a convention formally establishing the **International Maritime Organization** (the original name was the Inter-Governmental Maritime Consultative Organization, or IMCO, but the name was changed in 1982 to IMO). The IMO Convention entered into force in 1958 and the new Organization met for the first time the following year. The purposes of the Organization, as summarized by Article 1(a) of the Convention, are "to provide machinery for co-operation among Governments in the field of governmental regulation and practices relating to technical matters of all kinds affecting shipping engaged in international trade; to encourage and facilitate the general adoption of the highest practicable standards in matters concerning maritime safety, efficiency of navigation and prevention and control of marine pollution from ships".<sup>12</sup> The Organization is also empowered to deal with administrative and legal matters related to these purposes.

**Inland waterways** are largely dealt with at a local/regional level. Often a commission exists that oversees one large inland waterway (Danube, Sava).

### 3.5. AVIATION

The **International Air Transport Association (IATA)** - was founded in Havana, Cuba, in April 1945. It is the prime vehicle for inter-airline co-operation in promoting safe, reliable, secure and economical air services - for the benefit of the world's consumers. IATA brings together approximately 265 airlines, including the world's largest. Flights by these airlines comprise 94 percent of all international scheduled air traffic.<sup>13</sup>

### 3.6. INTERMODAL TRANSPORT

The **European Intermodal Association (EIA)** is an international independent platform promoting sustainable intermodal mobility in Europe by combining innovative rail, waterway, road, air and maritime transport solutions. The EIA was founded in 1993 and is the only neutral European Intermodal Organization open to all transport modes recognised by the European Commission, while it has an NGO status within the UN and ECMT/OECD. It has now more than 90 members, market leaders in the transport industry and related business, throughout Western and Eastern Europe including USA and Japan.

The EIA's Key objectives are:

- promoting the interests of its members in developing innovative intermodal concepts & technologies, a better definition of the intermodal product and increased quality of service levels;
- improving the productivity, profitability and competitiveness of its members through the innovative, swift, safe and economic movement of goods whilst preserving quality of life, and the environment.<sup>14</sup>

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<sup>12</sup> <http://www.imo.org/index.htm>

<sup>13</sup> <http://www.iata.org/index.htm>

<sup>14</sup> <http://www.eia-ngo.com/>

The European Commission has launched the **Rail Air Intermodality Forum**, an initiative to stimulate a debate on the ways to develop combined use of rail, in particular high speed services, and air.

#### **4. OPTIMISING TRANSPORT LINKS BETWEEN EUROPE AND ASIA IN SUPPORT OF REGIONAL ECONOMIC DEVELOPMENT STABILITY AND SECURITY**

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The Second International Euro-Asian Conference on Transport, held in 2000 in St. Petersburg, identified the following four Euro-Asian Land Transport Corridors presented to that Conference by UNECE and UNESCAP as constituting the main backbone of the Euro-Asian Land Transport System<sup>15</sup>:

##### **I. Transsiberian**

Europe (PETCs 2, 3 and 9) – Russian Federation – Korean Peninsula - Japan, with two branches from the Russian Federation to:

- Kazakhstan – China;
- Mongolia – China.

##### **II. TRACECA**

Eastern Europe (PETCs 4,7 8, and 9) – across Black Sea – Caucasus – across Caspian Sea – Central Asia.

##### **III. Southern**

South-eastern Europe (PETC 4) – Turkey – Islamic Republic of Iran with two branches to:

- Central Asia – China, and
- South Asia – South East Asia/Southern China.

##### **IV. North-South**

Northern Europe (PETC 9) – Russian Federation, with two branches:

- Caucasus – Persian Gulf, and
- Central Asia – Persian Gulf.

The **Transsiberian** corridor is a connecting link between European countries and Asia-Pacific region countries. In 2000, 98,000 (20 foot) containers were transported on the Transsiberian railway corridor. In the first quarter of 2003, the volume of container traffic was up by 75% compared to the same period of 2002. The rail corridor became an important two track railway line, fully electrified, stretching about 10,000 km. Its technical capacity enables it to carry up to 100 million tonnes of goods per year and up to 140,000 20 foot containers. Infrastructure on this corridor is undergoing continuous modernization and important improvements in originating ports and railway stations on the borders between the Russian Federation and Mongolia, China and Korea. In order to promote further use of this

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<sup>15</sup>UNECE, TRANS/WP.5/2001/14

transport link in international transport, the International Coordinating Council on Transsiberian Transportation was established in 1993. The main task of the Council is to enhance the competitiveness of the Transsiberian rail corridor by ensuring a stable, competitive transit time, security of cargo, competitive rates, etc.

Although most of freight on long distances in this corridor is being carried by railways, road reconstruction along the Transsiberian corridor has also been going on for some time. In 2000-2001 the work on road reconstruction was carried out in the Russian Federation, financed from both the national budget and World Bank funds.

The **TRACECA**<sup>16</sup> (Transport Corridor Europe–Caucasus–Asia) Programme was initiated more than 10 years ago by the European Union (EU) as an additional route to the existing transport corridors and is a catalyst for transport infrastructure and economic development in involved countries. The programme conforms to the global strategy of the European Union towards the TRACECA member countries (Afghanistan, Armenia, Azerbaijan, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Romania, Tajikistan, Turkmenistan, Turkey, Uzbekistan and Ukraine), and aims at assisting in political and economic sustainability, promoting regional cooperation and optimal integration of the international transport corridor Europe-Caucasus–Asia–TRACECA with Trans-European Networks (TENs).

Countries along this corridor have high regard for its strategic importance in the context of Euro-Asian transport links and consider it as complementary to commercial exchanges between themselves and the Far East, with the possibility of the ancient Silk Route becoming once again a major trade corridor. When the TRACECA corridor is completed, a continuous railway line will follow part of the ancient Silk Road from the Chinese port of Lianyungang on the Yellow Sea to the Georgian ports of Poti and Batumi on the Black Sea and then on into Western Europe. A so-called “transport delta” is also planned to be created on the Georgian coast of the Black Sea with ferry connections to new ports at Supsa, Kulevi, Anaklia, Ochamchira and Sukhumi, linking the countries of the Commonwealth of Independent States (CIS) into a truly trans-Euro-Asian transport infrastructure.

To step up their co-operation, TRACECA member states have set up an Inter-Governmental Commission (IGC), consisting of the Highest Governmental Authorities of member states or their representatives with full authority to make decisions. The IGC regularly meets not less than once a year. The IGC also established a Permanent Secretariat, which is based in Baku, Azerbaijan.

The **Southern corridor** connects South-Eastern Europe through Turkey, the Islamic Republic of Iran and through Central Asia with China, and with South-South-East Asia. The detailed analysis of potentials of this corridor can be found in the UNESCAP study “Development of the Trans-Asian Railway–Trans-Asian Railway in the Southern Corridor of Asia-Europe routes”.

The **North–South corridor** is the shortest way connecting Europe with the Far and Middle East, the Indian Ocean and South-eastern Asia. The corridor stretches from ports in India across the Arabian Sea to the Southern Iranian port of Bandar Abbas, where goods then

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<sup>16</sup> <http://www.traceca-org.org/>.

transit Iran and the Caspian Sea to ports in the Russian Federation's sector of the Caspian Sea. From there, the route stretches along the Volga River via Moscow to Northern Europe.

The revived route is expected to offer both quicker and cheaper transportation than the primary alternative—the shipment of goods from South Asia through the Suez Canal and the Mediterranean and then into the Atlantic and North Sea to Baltic ports. Russian analysts predict that delivery time using the North-South Corridor will be reduced with 10-20 days and that the cost per container will decrease by US\$ 400-US \$500. The opening of the Central Asian region and the new markets in the Indian Ocean and Persian Gulf area are very important for both the European and Asian continent. Access to rail and the road network in Central Asia and the Russian Federation will be provided after completion of the Astara–Qazvin railway.

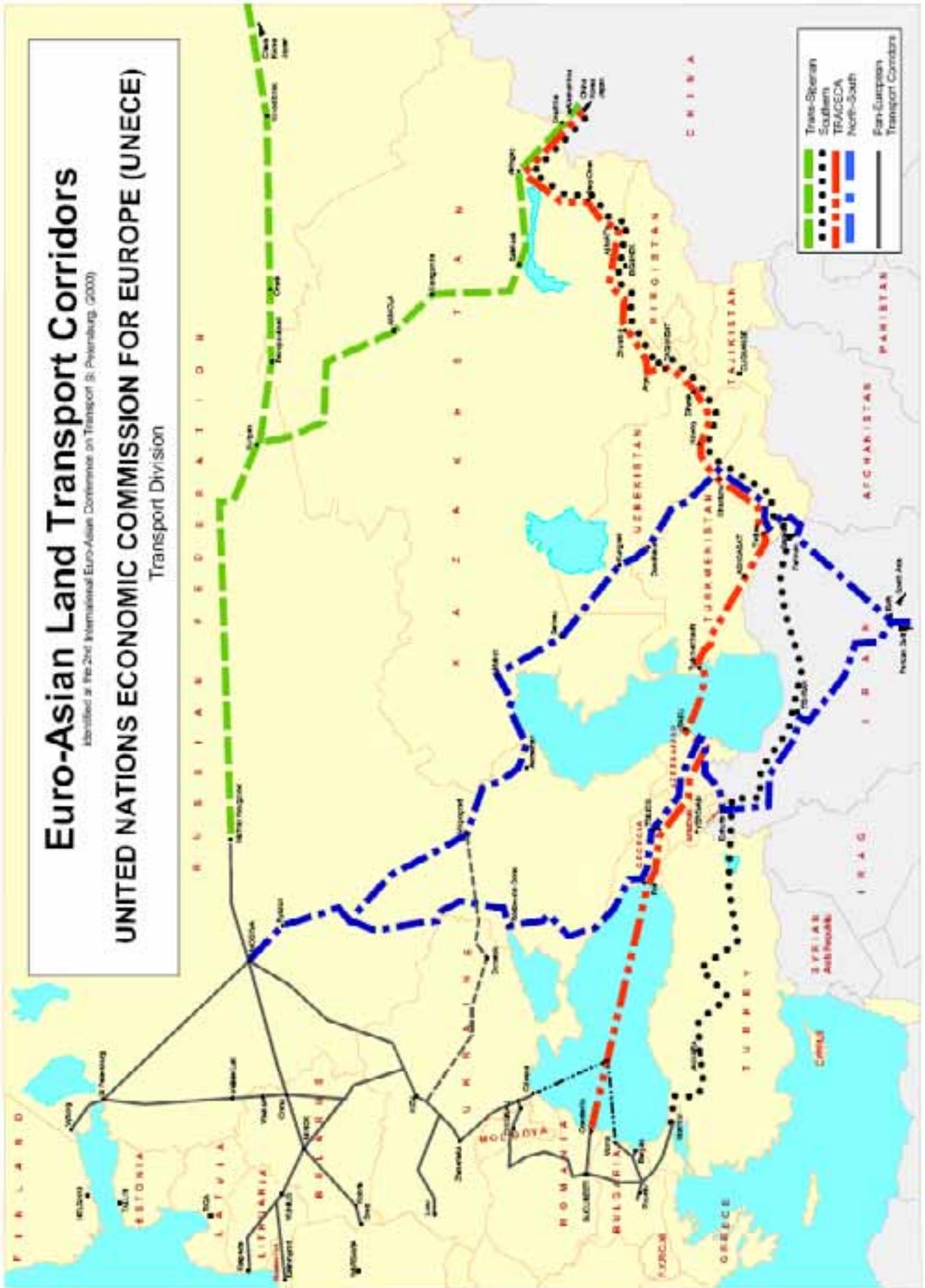
Among the other advantages of North–South Corridor is the existence of several potential crossings with other existing corridors between Central Asia and Europe including TRACECA, which may provide good links between North-South and East-West freight flows.

# Euro-Asian Land Transport Corridors

Identified at the 2nd International Euro-Asian Conference on Transport & Policy, St. Petersburg, (2000)

## UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE (UNECE)

Transport Division



## **5. TRANSPORT ISSUES AT THE SUB-REGIONAL, NATIONAL AND LOCAL LEVELS: POLICY ISSUES, INCLUDING ENVIRONMENTAL SUSTAINABILITY**

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Main axes of transport achieve only half their functionality if they solely connect the outer ends with each other. They must also be connected to local transport systems in order to reap full benefits. At the national level, transport networks should ensure proper linkages between all regions of a country and adequate access for all. Special attention should be paid to less developed regions, border regions or regions populated by national minorities. The role of transport in potentiating local economic development and national integration should be emphasized. At the same time it is important that governments make transport related decisions in consultation with the general public, private sector representatives and civil society, including at the local level. The OSCE can play a facilitating role and can strengthen the capacity of various stakeholders to advance their interests (for example SME associations from underserved regions).

Transport systems in harsh climatic environments (mountainous regions, steppes) are very costly in relation to their usage in comparison to urban and international corridors. Thus often local roads are not well maintained, although these might be vital to the populations not able to access main transport corridors in the course of their daily trade.

This local dimension takes on an international character when they are ‘secondary’ or ‘tertiary’ transboundary routes used, among others, by petty traders engaged in cross-border commerce. The economic development of border regions is of great importance in order to maintain good neighbourly relations and promote regional integration. Equally, adequate transportation links to underpin the development of interior but underpopulated areas is of great importance to ensure national equity and avoid rural-urban tensions.

Local transport development (peripheral and interior) cannot therefore come at the cost of international integration routes and similar cost/benefit analyses. The two complement each other from a security perspective and should be pursued with equal vigour.

The private sector plays a key role in transport systems. On the one hand it is often involved in the construction, operation and maintenance of transport systems. Sometimes public/private partnerships are set up, e.g. in the form of concessions for the construction and operation of motorways, bridges, tunnels etc. However, the private sector appears mostly as the end user, as does the private consumer, who in many cases pays a fee, either as a toll or as a tax, for using the ‘common good’. In order to facilitate trade, international border authorities, even along ‘secondary’ roads, must cater to the needs of these end users, while at the same time ensuring national security.

Furthermore, in order to meet the needs of private usage of transport systems, issues of speed, health and reliability must be addressed:

- To ensure the shortest amount of travel time, transport vehicles need to meet certain standards and ‘high’ speed technology must be available and cheap enough to use (without critical pollution levels);
- Health concerns of the public can be addressed by ensuring environmental standards (air, water, soil, noise) and the respect of safety regulations;

- Finally, in order to deliver consistent and predictable benefits to their users, transport systems must avoid being subject to excessive delays, which may be caused by natural disasters, border problems or over-demand congestion.

## 5.1. ENVIRONMENTAL CONCERNS

The shift from public transport towards more private motorization may have as a consequence that the traditionally well-developed public transport infrastructure and services in the EECCA countries may be neglected, with the bulk of new investment going to new roads and parking spaces to meet the demands of the new economic freedom. This encourages further private motorizations, which often leads to traffic congestion and increased pollution and noise instead of improving people's mobility.

Energy consumption, especially non-renewable (carbon-based) energy, by the transport sector is increasing, despite efficiency gains over the past years. This poses a major policy concern since it directly affects emissions of greenhouse gases, as well as, ultimately, energy security.

As adverse economic and environmental impacts are generated through growth in the transport sector, these can become so great that they inhibit transport systems from performing their central economic and social roles. Chronic congestion can greatly increase the cost of supplying goods and services, as well as burdening health care services and global ecosystems as a result of pollution-induced illnesses. Rising transport costs and reliance on fossil fuels could prompt countries to undertake steps to assure the uninterrupted flow of petroleum to their own populations.

With a view to promoting healthy, sustainable and efficient transport networks, there is thus a need to integrate previously institutionally separated policies on transport, environment, health, energy and urban land-use planning. The OSCE may bring a contribution to framing the dialogue on transport in such a comprehensive fashion, factoring-in all angles (security, economic, environmental) in order to give impetus to sustainable solutions for all parties concerned.

Besides the promotion of energy efficiency, intermodality, public transport usage, intelligent transport systems, and less congestion at borders, another issue of environmental concern is the impact transport projects will invariably have on the surrounding ecosystems (emissions, habitat division). Dealing with the environmental impacts of transport can be more challenging in areas where ecosystems are particularly sensitive (international waterways), where geographic conditions and topography may intensify pollution and noise, or where unique natural resources or unique cultural heritages exist (mountainous areas, coastal and specific marine areas, wetlands, dry lands, rivers and lakes etc.). For this reason all transport projects

### **Natural Disasters:**

Governments should prepare local/regional contingency plans for disruption due to natural disasters. (These will be equally useful in the case of terrorist attack or civil unrest). However, more importantly, such events should be prevented. In the case of natural disasters, admittedly, some might be of such a magnitude that they cannot be prevented, for which case the contingency planning is the priority. In some cases however, such as local landslides and flooding, adequate measures against land degradation, such as forestation policies and watershed management represent the most effective preventive mechanism to protect existing transport systems. New transport systems should be planned so as to avoid being put in peril by natural disasters.

require a thorough environmental impact assessment (EIA).<sup>17</sup>

The capacity to implement such EIA's is often lacking in areas where transport projects would deliver large economic benefits but would significantly alter local environmental conditions. Space based means (remote sensing) might also provide a useful tool in this regard.

## 6. ADDRESSING NON-PHYSICAL BARRIERS TO TRANSPORT

A country's export competitiveness is determined by its productive capacities as well as its ability to bring goods to foreign markets at the lowest possible cost and under predictable conditions. Traders today are demanding faster clearance for their goods and increased administrative efficiency. With more and more global production sharing and outsourcing, modern supply chain management techniques have increased usage of 'just-in-time', which means expenditure on inventories can be kept to a minimum.

International transport costs of developing countries' exports are on average two to three times as high as the level of import customs duties in the destination countries and, consequently, constitute often the most significant barrier to effective market access.<sup>18</sup>

Borders are a major source of costs and delay for the movement of international goods and passengers. The number of border crossings seems crucial to an explanation of trade flows: the greater the crossings, the lower the trade.<sup>19</sup> Any landlocked country will therefore be at a geographical disadvantage, as this usually implies, especially in the case of Central Asia with a low economic density, transporting low volumes over large distances and crossing several land borders.<sup>20</sup> High transportation costs depress trade flows and landlocked countries face such high transportation costs, which leads to low export volumes outside the region, low export revenues, foreign exchange shortage to buy modern equipment and this ultimately creates a low income trap.

### **Transit**

Transit is a certain concessionary system aimed at facilitating trade within a given customs territory or between separate customs territories. It essentially allows the temporary suspension of customs duties or other taxes payable on goods originating from and/or destined for a third country while under transport across the territory of a defined customs area. The suspension of duties and taxes remain in place until the goods either exit the customs territory concerned, are transferred to another customs regime or the duties and taxes are paid and the goods enter free circulation.

### **TIR convention**

The TIR convention allows road transport operators to cross borders in international and transit traffic without involving major procedures and costs. It provides an internationally standardised and secured customs document (TIR Carnet), an international guarantee cover in case of irregularities as well as harmonised customs procedures limited to a standard visual external control of the sealed load compartment of the lorry and processing of the TIR carnet.

It is managed by an intergovernmental machinery, located in the UNECE headquarters in Geneva.

<sup>17</sup> In this context it should be considered that an environmental objective may be to shift focus from further expansion of infrastructure development to a more efficient use of the existing infrastructure for the benefit of both the environment and transport companies, (as long as existing infrastructure produces, if used well -in comparison- higher net efficiency gains than the cost of building new routes)

<sup>18</sup> Jayanetti, Institute of Policy Studies

<sup>19</sup> Gael Raballand, World Bank

<sup>20</sup> Auty, Raballand, Kunth: Central Asia's Transport Cost Burden and its Impact on Trade.

The fact that border procedures are not functioning properly has both an effect on trade as well as security:

- Corruption not only adds extra, uncontrollable costs on trade, but also may be the means whereby terrorists and terrorist financing enters a country.
- Lacking communication and coordination between authorities adds delays to shipments and at the same time suggests incapacity to act efficiently in case of chaos caused by terrorist attacks.
- Inadequate equipment and insufficient computerisation means data cannot be shared efficiently, analysed effectively and therefore constitutes a weak link in the security chain.
- Lacking harmonisation of standards equally presents a hurdle to both the expeditious handling and the effective security screening of cargo/passengers.

The OSCE has a substantial portfolio of border related activities, which could be further enriched by incorporating considerations from the 2<sup>nd</sup> dimension.

Specifically, problems in the border procedures are, among others:<sup>21</sup>

- IT: Insufficient computerisation of control procedures, meaning that various paper forms have to be used. These are often filled out by the controlling officials themselves, implying the establishment of direct, personal relationships between controlling officials and carriers, which in turn provide fertile ground for negotiations between them and all the abuses that may ensue;
- Systematic control of all vehicles and the non-use of controls based on risk management techniques. This situation is due to:
  - the reluctance of customs administrations to introduce computerised control systems;
  - the laws in force, which do not allow customs officials to carry out sample checks;
  - systematic police intervention which prevents customs officials from making sample checks (such a procedure being immediately suspected of irregularity);
- The lack of coordination between the customs administrations of the various countries, and in particular the insufficient exchange of information. Border post opening times are not always harmonised, there are not enough joint controls (especially within the CIS), and mutual recognition of protocols for vehicle weighing and inspection does not go far enough. Exchanges of information on best practice (benchmarking) and the in-depth use of risk assessment techniques remain the exception. The lack of coordination between the regional administrations and of harmonisation of procedures at the internal administrative borders within certain countries constitutes a serious problem as well;
- The absence of cross-border communication systems between rail networks due to incompatible information and data transmission systems. Together with interoperability (the two issues are closely linked), this is one of the major difficulties put forward to explain lengthy waiting times at rail border crossings. The absence of cross-border systems for exchanging information leads to a lack of continuity in data transmission and means that data for freight trains has to be entered twice. This is another source of delay, since customs and police officials cannot be given prior information and cannot therefore start processing documents before trains arrive.

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<sup>21</sup> Largely drawn from ECMT Report, 22 April 2004, Removals of Obstacles at border Crossings, CEMT/CM(2004) 23

According to UNECE<sup>22</sup>, the absence of data exchange between customs authorities in different countries is one of the main sources of delays at rail border crossings. Another factor is the complete lack of any interface between the existing communication systems of Eastern European railways and those of rail customers;

- Insufficient co-operation between the authorities responsible for controls and the very large number of officials involved in a single border crossing event: too often, border guards re-inspect consignments after customs officers. This problem is all the more important in that responsibility for customs operations is sometimes divided between several bodies (e.g. customs department, special legion and border guard in Georgia), leading to a proliferation of controls by agencies that cannot always be identified and demands for superfluous documents (e.g. TIR carnet and specific transit document);
- The failure to provide information to the professionals, private sector, etc. about the procedures applied and the documents required, information asymmetry being a feature of relations between administrations and users;
- Changes without notice to the procedures used, the introduction without prior notice of new requirements and the lack of clear information about changes in national legislation.

In this problematic context, a number of proposals would increase the efficacy and efficiency of borders:

- the generalisation of harmonised signalling and control-command systems like ERTMS (European Rail Traffic Management System) and its train control component ETCS (European Train Control System);
- the introduction of harmonised cross-border communication systems, with improved telecommunications and computer interfaces so as to facilitate transfers of operating data, enable electronic data exchanges and optimise timetables. The introduction of computerised data exchange systems chiefly concerns the railways, which should develop suitable integrated information systems for the transmission of data between networks;
- harmonising national safety regulations, equipment certification requirements and operating rules;
- harmonising the rail documents exchanged by railways, including mutual recognition. Rail documentation is particularly complex at the external borders of the CIS, where the CIM regime established by COTIF meets the SMGS regime established by OSJD; the development of a single GPBRT document for block container trains between Berlin and Moscow via Poland and Belarus is a significant step forward in this regard;
- concentrating long-distance goods traffic in a small number of high-yield arteries (eg, pan-European corridors), which would rationalise many rail border crossing points, making some redundant and the most active more efficient;
- reducing the number of documents to be produced and harmonising the relevant regulations and corresponding documents, which would make it easier to simplify controls. One worthwhile initiative is the use of rail documents (consignment notes) for customs controls, especially for transit traffic, as proposed by the UNECE draft convention on customs procedures for international transit for the transport of goods by rail under a SMGS consignment note;<sup>23</sup>

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<sup>22</sup> UNECE, Working Party on Rail Transport: "Annual monitoring of the progress made in the facilitation of border crossing in international rail transport", Working Document 4, 15 September 2002.

<sup>23</sup> CEMT 2004 23

- the introduction of common customs posts and controls carried out jointly by the authorities on either side of the border. In Eastern Europe, only a few countries have introduced this efficiency measure;
- the general use of sample checks;
- the transfer of control procedures to sites inside the country (especially for transit) or at the place of destination. Germany and, more recently, Russia have taken steps to this end. The introduction of an advance declaration system allowing for the pre-clearance of goods would also be a step in the right direction;
- the introduction of new, simplified control procedures: there are already numerous international instruments (UNECE convention on harmonisation of frontier controls, ESCAP, ECLAC), recommendations (ECMT resolutions, agreements relating to certain corridors, PHARE programme) and model bilateral agreements which can serve as a reference; it is essential that as many states as possible ratify these conventions and agreements and implement the measures they recommend. They should also be accompanied by greater computerisation of procedures, especially customs procedures, such as the general introduction of systems like ASYCUDA (Automated System of Customs Data Management) developed by UNCTAD and recommended by the Trade and Transport facilitation Programmes for South-Eastern Europe (TTFSE) and the South Caucasus (TTFSC), or the introduction of a computerised control system for TIR carnets which an amendment to the TIR Convention could make compulsory;
- simplification and harmonisation of procedures for weighing vehicles;
- improved coordination between the customs authorities of neighbouring countries through the promotion of permanent contacts and exchanges of information;
- greater cooperation between national administrations through a clear distribution of tasks, the sharing of information and coordination between personnel representing the various authorities at border crossings so as to avoid duplication of checks and procedures; and
- the simplification and, if possible, reduction of taxes, fees and duties charged at border crossings, ensuring that they are administered transparently and creating single payment points at each border so as to provide an integrated service.

## **6.1. TRADE DOCUMENTS**

Trade Documents that adhere to international documentary requirements and best business practice are generally referred to as aligned documents. Important standards and best practice for aligned trade documentation have been developed in the United Nations Economic Commission for Europe (UNECE).

Owing to the importance of this subject, the United Nations has set up a Centre for Trade Facilitation and Electronic Business (UN/CEFACT) within the UNECE to further develop and maintain these standards. Today most documents used by advanced trading nations and logistics operators are based on these standards, for instance: the EU Single Administrative Document (SAD), the TIR carnet, the IATA Air Waybill or the IMO Bill of Lading. While the use of aligned trade documents has become a standard in advanced trading nations, the UNECE recognizes that, specifically with regard to transition economies and developing countries, non-aligned trade document systems are still being used. The use of these documents complicates procedures, unnecessarily increases the costs of the goods to be

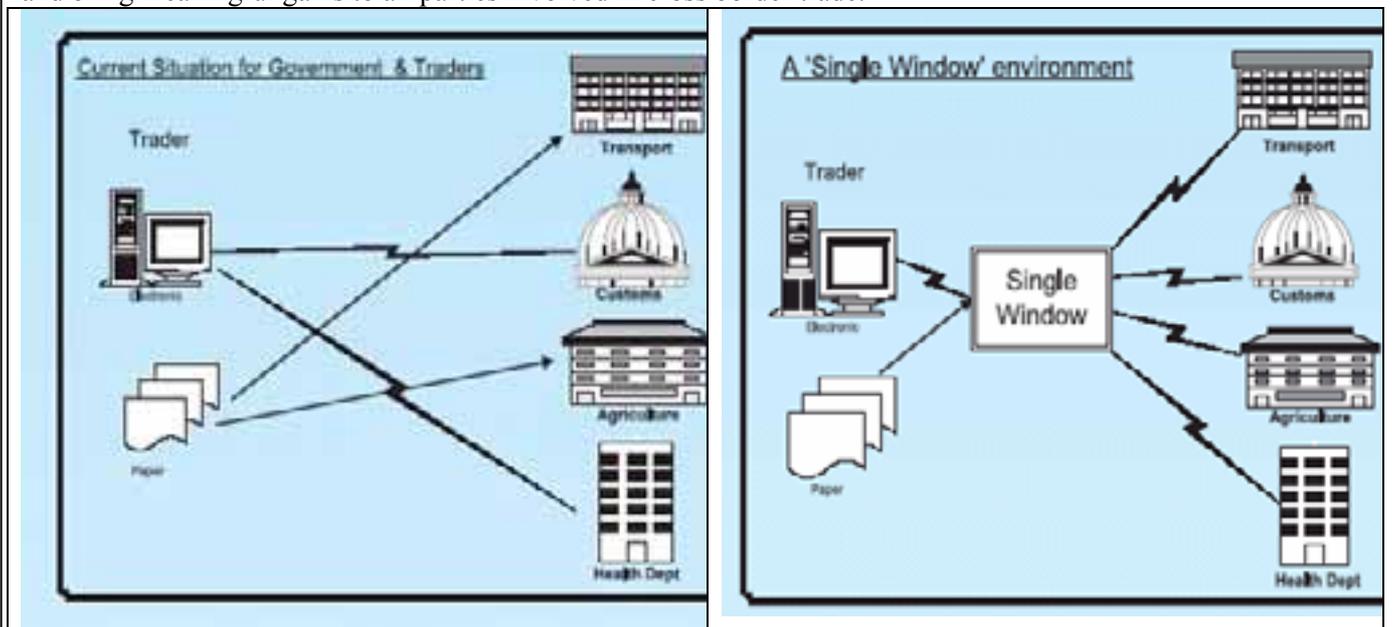
exported and is a considerable impediment for exporters to compete successfully on the international markets.

The UNECE has therefore set up the United Nations electronic Trade Documents (UNeDocs) project to develop guidelines and tools for implementing aligned trade documentation. UNeDocs provides a conceptual framework for developing aligned paper trade documents based on international trade standards and the subsequent development of the electronic equivalents of the paper document.

**The Single Window Approach** (from “Trade Integration”, 2003 UNECE)

**Enhancing the efficient exchange of information between trade and government.**

The Single Window environment aims to expedite and simplify information flows between trade and government and bring meaningful gains to all parties involved in cross border trade.



In practical terms a single window environment provides one entrance for the submission and handling of data and documents related to the release and clearance of an international transaction.

Cooperation and coordination between relevant government agencies is the essential ingredient in the establishment of a successful Single Window environment. Equally security concerns still need to be fully integrated into this approach.

## **7. TRANSPORT ISSUES IN LAND-LOCKED COUNTRIES**

Lack of territorial access to the sea, remoteness and isolation from world markets and high transit costs continue to impose serious constraints on the overall socio-economic development of landlocked developing countries. Their sea borne trade unavoidably depends on transit through other countries. Additional border crossings and long distance from the market substantially increase the total expenses for the transport services.

The Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and the Small Island Developing States (UN-OHRLLS) was established by the United Nations General Assembly in 2001.

To deal with the constraints facing landlocked countries, the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation was held in Almaty, Kazakhstan, from 25-29 August 2003. It was the first of its kind and it provided the international community with a unique opportunity to galvanize international solidarity and partnership to assist landlocked developing countries to effectively participate in the international trading system, through, among other things, establishing transit systems. At its successful conclusions, the Ministerial Conference adopted the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework For Transit Transport Cooperation for Landlocked and Transit Developing Countries and the Almaty Ministerial Declaration.

The objective of the Almaty Programme of Action is to establish a new global framework for developing efficient transit transport systems in landlocked and transit developing countries, taking into account the interests of both landlocked and transit developing countries. The Programme aims to:

- (a) secure access to and from the sea by all means of transport;
- (b) reduce costs and improve services so as to increase the competitiveness of their exports;
- (c) reduce the delivered costs of imports;
- (d) address problems of delays and uncertainties in trade routes;
- (e) develop adequate national networks;
- (f) reduce loss, damage and deterioration enroute;
- (g) open the way for export expansion; and
- (h) improve the safety of road transport and the security of people along the corridors.

The main innovative feature of the Almaty Programme of Action is the focus on action-oriented specific measures to be undertaken by both landlocked and transit developing countries with the support of their development partners, the implementation of which would be measurable and feasible.

The five Priorities in the Almaty Programme of Action are as follows:

- policy Improvements - reducing customs bureaucracy and fees, designed to cut costs and travel days for landlocked countries' exports;
- improved rail, road, air and pipeline infra-structure - projects will reflect local transport modes; in Africa, road is the predominant mode of transport; in South Asia, rail is more common;
- international trade measures - to give preferential treatment to landlocked countries' goods, making them more competitive;
- technical and financial international assistance - donor countries will lend know-how and money to landlocked and transit countries for infrastructure and policy improvements; and

- monitoring and follow-up on agreements -measurable criteria, such as travel days and costs, will be used, and an annual review before the UN General Assembly is possible.

## **8. THE ROLE OF INTERNATIONAL FINANCIALS INSTITUTIONS AND BILATERAL DONORS IN SUPPORTING TRANSPORT DEVELOPMENT**

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International Financial Institutions (IFIs) and bilateral donors are also playing a major role in financing investments in the transport sector and in promoting policy improvements.

The role of the **EU** in the initiation of the TRACECA Program has already been mentioned.

In addition, the EU promoted regional co-operation in Central Asia by provision of appropriate programmes and encouraging countries to co-operate among themselves. The TACIS programme provides the operating framework for regional co-operation and the EC transport-related priorities for Central Asia and the Caucasus include:

- assistance which promotes administrative capacity and legislative harmonization;
- differentiated approach to the groups of countries participating in TRACECA;
- promoting railway interoperability and European standards;
- implementation of international agreements (TIR, ADR);
- focus on safety and security aspects;
- improved sustainability of waterway transport between Black Sea ports, including short-sea shipping;
- continued emphasis on regional cooperation and harmonization of border crossing; and
- improving links between TRACECA and the enlarged European Union through the relevant Pan-European corridors and the Black Sea Pan-European Transport Area (PETrA).

The **World Bank (WB)**<sup>24</sup> is particularly concerned with the linkage between transport and trade facilitation (TTF). It has a methodology and approach for TTF, which is being implemented in South East Europe and in the South Caucasus.

The Trade and Transport Facilitation in Southeast Europe Program (TTFSE) fosters trade by promoting more efficient and less costly trade flows across the countries in the region and provides European Union-compatible customs standards. The program seeks to reduce non-tariff costs to trade and transport, reduce smuggling and corruption at border crossings, and strengthen and modernize the customs administrations and other border control agencies.

The Trade and Transport Facilitation program in South East Europe consists of the following project components: Customs Services Procedures Reform, Trade Facilitation Development, Support to Integrated Customs Information System (ICIS), Improvement of Roads and Border Crossing Facilities, and Program and Project Implementation.

The sustainability of the reform process under trade facilitation projects is dependent upon partnership and participation of the key stakeholders in the country. The private sector has been included in not only the identification process but also in the monitoring of project

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<sup>24</sup> <http://www.worldbank.org/>

results. The trade facilitation component of each project seeks to better link the public and private sector through the provision of accurate and timely information and training.

TTFSE is now moving into a second phase – TTFSE II, which will consolidate the achievements made under the original Program while also replicating and scaling them up. TTFSE II sets itself a broader and more ambitious aim than TTFSE – not restricted to Customs, road transport and improvements at selected border crossings and inland terminals – of embracing further aspects of trade facilitation by ensuring effective collaboration between all agencies active at border crossings (Customs, road administration, border police, phyto-sanitary and veterinary controls), all modes of transport in the region (road, rail, inland waterway, and multimodal transport), and all border crossings on the main TEN-T Corridors running through Southeast Europe and connecting the region with its neighbours. The objective of TTFSE II will be to increase the trade competitiveness of Southeast Europe through improving the availability of adequate logistics services connecting the region with its neighbours, as well as regional and global markets, through supporting infrastructure and technical assistance, while strengthening the capacity of the private sector to provide logistic services. At the core of TTFSE II is the corridor approach to trade and transport facilitation in Southeast Europe.

In the South Caucasus region a workshop co-sponsored by the Georgian Ministry of Transport and Telecommunications, the World Bank and PPIAF (Public-Private Infrastructure Advisory Facility) was organized in Georgia, in June 2001, which considered the institutional and physical obstacles to trade, transport and telecommunications in the region, and developed strategies to overcome them. The Workshop introduced the ongoing work of the World Bank's Trade and Transport Facilitation Project in South-Eastern Europe, and considered ways in which this methodology and experience could be applied in the South Caucasus.

In close cooperation with TRACECA, the IRU and FIATA, public and private sector stakeholders and governments, the WB is undertaking a program aimed at demonstrating the concrete benefits that individual countries could derive under this approach, focusing on the following areas: collection of indicators at major border crossing points, support for public-private dialog on trade facilitation, improving information mechanisms and reviewing the feasibility of establishing logistic/distribution/industrial zones in the region.

The WB is offering its experience in Trade and Transport Facilitation to other countries and regions interested in launching such projects. It is emphasized that in order to be more effective such a project would have to be set within the context of a regional program with several country-based projects.

The **European Bank for reconstruction and Development (EBRD)** fosters transition of the transport sector by financing economically viable infrastructure and transport projects. The EBRD's policy aims to build efficient, reliable and secure transport systems in six lines of transport business: aviation, ports, railways, road transport, shipping, and urban transport.

In the period 1991-2004, EBRD provided finance of 3.5 billion euros to the transport sectors in transition economies.<sup>25</sup>

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<sup>25</sup> <http://www.ebrd.org/country/sector/trport/sign.pdf>

The Transport Operations Policy sets out the general strategic and operational role of the Bank in this sector and establishes the overall framework for the Bank's activities. The policy re-affirms the key role of an efficient transport sector in the operation of regional markets, as the drive to integration of national economies continues. The EBRD will continue to cooperate with the EU on the development of the Trans-European Network corridors and implementation of regional initiatives, such as the REBIS (Regional Balkans Infrastructure Study) initiative in the Western Balkans and the TRACECA (Transport Corridor, Europe - Caucasus-Asia) initiative in Central Asia and the Caucasus. Continuing co-operation with other IFIs, such as the EIB, International Monetary Fund, World Bank Group and the regional development banks is also a feature of EBRD's strategic approach. Environmental issues arising from developments in transport have been highlighted and the EBRD will continue to cooperate also with other IFIs in seeking to address these issues in the most appropriate manner.

The **Asian Development Bank (ADB)**'s **Central Asia Regional Economic Cooperation (CAREC)**<sup>26</sup> programme seeks to promote economic growth and raise living standards in the region by encouraging economic cooperation. One of ADB's regional initiatives is customs modernization and co-operation. Key regional transport issues in view of the ADB are financing, cross-border issues and coordination of transport policies. Two major transport projects are China- Kyrgyzstan-Uzbekistan railway development and the road project through southern Kyrgyzstan linking China and Uzbekistan. The ADB has been asked to jointly finance the rehabilitation of the highway linking Almaty in Kazakhstan with Bishkek in Kyrgyzstan. This joint loan/grant project is co-financed by the EBRD and the EU.

As of 31 December 2004, ADB had:

- approved seven regional investment projects totalling \$275.1 million;
- mobilized co-financing of \$135.2 million for three of these projects; and
- approved 22 technical assistance grants totalling \$12.9 million.

In 2005-2006, ADB plans to process support for investment projects totalling \$247 million and technical assistance grants totalling \$12.3 million.

**United States Agency for International Development (USAID)** is active in Tajikistan, Kazakhstan, Uzbekistan and Kyrgyzstan. **Japan** is active in the area, principally through JBIC. The Kuwait Fund (KFAED) and the **Islamic Development Bank (IDB)** have a number of projects with a bearing on the region and other programmes already under way.

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<sup>26</sup> <http://www.adb.org/CAREC/>

## **9. CONCLUSIONS**

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It is expected that the Conference in Dushanbe will provide a framework for an interactive and dynamic exchange of views between the representatives of the OSCE participating States, experts representing other international organizations and institutions, the business community, the civil society and the academic community. The debates in Dushanbe should add more information and knowledge on the transport related issues and existing initiatives in the OSCE region and in particular in Central Asia, bringing thus more clarity with regard to the possible role of the OSCE. The Conference should contribute to a better prioritization of issues and areas of activity, to the identification of niches and gaps, which can be tackled through developing networks with other International Organizations, to the identification of follow-up activities in areas such as addressing political aspects of transportation issues, developing awareness-raising and training projects, promoting the implementation of existing norms, standards, and other international commitments (putting emphasis on commitments that have a link with the OSCE security and co-operation mandate), and keeping focus on the environmental dimension.

The results of the Conference will be further discussed in Vienna, in the Economic and Environmental Sub-Committee, during the first session of the 14<sup>th</sup> OSCE Economic Forum (23-24 January 2006), as well as in the Permanent Council.

## 10. ANNEX 1 – LIST OF UNECE CONVENTIONS<sup>27</sup>

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1. Declaration on the Construction of Main International Traffic Arteries, of 16 September 1950
2. European Agreement on Main International Traffic Arteries (**AGR**), of 15 November 1975
3. European Agreement on Main International Railway Lines (**AGC**), of 31 May 1985
4. European Agreement on Important International Combined Transport Lines and Related Installations
5. Protocol on Combined Transport on Inland Waterways to the European Agreement on Important International Combined Transport Lines and Related Installations (**AGTC**) of 1991, of 1997
6. European Agreement on Main Inland Waterways of International Importance (**AGN**), of 19 January 1996

### Road Traffic and Road Signs and Signals

7. Convention on Road Traffic, of 19 September 1949
8. Convention on Road Traffic, of 8 November 1968 (amended version)
9. Protocol on Road Signs and Signals, of 19 September 1949
10. Convention on Road Signs and Signals, of 8 November 1968 (amended version)
11. European Agreement supplementing the Convention on Road Traffic (1968), of 1 May 1971
12. European Agreement supplementing the Convention on Road Signs and Signals (1968), of 1 May 1971
13. European Agreement on the Application of Article 23 of the 1949 Convention on Road Traffic concerning the Dimensions and Weights of Vehicles Permitted to Travel on Certain Roads of the Contracting Parties, of 16 September 1950
14. European Agreement supplementing the 1949 Convention on Road Traffic and the 1949 Protocol on Road Signs and Signals of 16 September 1950
15. European Agreement on Road Markings, of 13 December 1957
16. Protocol on Road Markings, Additional to the European Agreement supplementing the Convention on Road Signs and Signals, of 1 March 1973
17. Agreement on Minimum Requirements for the Issue and Validity of Driving Permits (**APC**), of 1 April 1975

### Road Vehicles

18. Agreement concerning the Adoption of Uniform Technical Prescriptions for Wheeled Vehicles, Equipment and Parts which can be fitted and /or be used on Wheeled Vehicles and the Conditions for Reciprocal Recognition of Approvals Granted on the Basis of these Prescriptions, of 20 March 1958

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<sup>27</sup> The annex includes a comprehensive list of UNECE Conventions, out of which some might be relevant for the theme of the 14<sup>th</sup> OSCE Economic Forum; the UNECE and the OSCE could possibly co-operate for promoting the implementation of some of these Conventions

19. Agreement concerning the Adoption of Uniform Conditions for Periodical Technical Inspections of Wheeled Vehicles and the Reciprocal Recognition of Such Inspections, of 13 November 1997

20. Agreement concerning the Establishing of Global Technical Regulations for Wheeled Vehicles, Equipment and Parts which can be fitted and / or be used on Wheeled Vehicles, of 25 June 1998

### Other Legal Instruments related to Road Transport

#### (a) Working Conditions

21. European Agreement concerning the Work of Crews of Vehicles engaged in International Road Transport (**AETR**), of 1 July 1970 (Consolidated text dated 1999)

#### (b) Taxation

22. Convention on the Taxation of Road Vehicles for Private use in International Traffic, of 18 May 1956

23. Convention on the Taxation of Road Vehicles engaged in International Passenger Transport, of 14 December 1956

24. Convention on the Taxation of Road Vehicles engaged in International Goods Transport, of 14 December 1956

#### (c) Private Law

25. Convention on the Contract for the International Carriage of Goods by Road (**CMR**), of 19 May 1956

26. Protocol to the Convention on the Contract for the International Carriage of Goods by Road (**CMR**), of 5 July 1978

27. Convention on the Contract for the International Carriage of Passengers and Luggage by Road (**CVR**), of 1 March 1973

28. Protocol to the Convention on the Contract for the International Carriage of Passengers and Luggage by Road (**CVR**), of 5 July 1978

#### (d) Economic Regulations

29. General Agreement on Economic Regulations for International Road Transport, of 17 March 1954

### Inland Water Transport

30. Convention relating to the Unification of Certain Rules concerning Collisions in Inland Navigation, of 15 March 1960

31. Convention on the Registration of Inland Navigation Vessels, of 25 January 1965

32. Convention on the Measurement of Inland Navigation Vessels, of 15 February 1966

33. Convention relating to the Limitation of the Liability of Owners of Inland Navigation Vessels (**CLN**), of 1 March 1973

34. Protocol to the Convention relating to the Limitation of the Liability of Owners of Inland Navigation Vessels (**CLN**), of 5 July 1978

35. Convention on the Contract for the International Carriage of Passengers and Luggage by Inland Waterway (**CVN**), of 6 February 1976

36. Protocol to the Convention on the Contract for the International Carriage of Passengers and Luggage by Inland Waterways (**CVN**), of 5 July 1978

## Border Crossing Facilitation

37. Convention concerning Customs Facilities for Touring, signed in New York on 4 June 1954
- 37-a. Additional Protocol to the Convention concerning Customs Facilities for Touring, relating to the importation of tourist publicity documents and material, signed in New York on 4 June 1954
38. Customs Convention on the Temporary Importation of Private Road Vehicles, signed in New York on 4 June 1954
39. Customs Convention on the International Transport of Goods under Cover of TIR Carnets (**TIR Convention**), of 15 January 1959
40. Customs Convention on the International Transport of Goods under Cover of TIR Carnets (**TIR Convention**), of 14 November 1975
41. Customs Convention on the Temporary Importation for Private Use of Aircraft and Pleasure Boats, of 18 May 1956
42. Customs Convention on the Temporary Importation of Commercial Road Vehicles, of 18 May 1956
43. International Convention to Facilitate the Crossing of Frontiers for Passengers and Baggage carried by Rail, of 10 January 1952
44. International Convention to Facilitate the Crossing of Frontiers for Goods Carried by Rail, of 10 January 1952
45. Customs Convention concerning Spare Parts Used for Repairing Europ Wagons, of 15 January 1958
46. Customs Convention on Containers, of 18 May 1956
47. Customs Convention on Containers, of 2 December 1972
48. European Convention on Customs Treatment of Pallets Used in International Transport, of 9 December 1960
49. International Convention on the Harmonization of Frontier Controls of Goods, 21 October 1982
50. Convention on Customs Treatment of Pool Containers Used in International Transport, 21 January 1994

## Transport of Dangerous Goods

51. European Agreement concerning the International Carriage of Dangerous Goods by Road (**ADR**), of 30 September 1957
52. Protocol amending article 1 (a), article 14 (1) and article 14 (3) (b) of the European Agreement of 30 September 1957 concerning the International Carriage of Dangerous Goods by Road (**ADR**), of 28 October 1993
53. Convention on Civil Liability for Damage caused during Carriage of Dangerous Goods by Road, Rail and Inland Navigation Vessels (**CRTD**), of 10 October 1989
54. European Agreement Concerning the International Carriage of Dangerous Goods by Inland Waterway (**ADN**), of 25 May 2000

## Transport of Perishable Foodstuffs

55. Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be Used for such Carriage (**ATP**), of 1 September 1970

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