



THE FOURTEENTH OSCE ECONOMIC FORUM

***“TRANSPORTATION IN THE OCSE AREA: SECURE TRANSPORTATION NETWORKS
AND TRANSPORT DEVELOPMENT TO ENHANCE REGIONAL ECONOMIC
CO-OPERATION AND STABILITY”***

TRANSPORT – A VITAL SECTOR

Its Importance and the Policy Challenges

ECMT’s Role

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1. Introduction

On behalf ECMT I would like to thank OSCE for the kind invitation to participate in this Forum, to have the opportunity to present some of our work and ideas and to engage in a dialogue with you on how cooperation might be enhanced.

Let me state clearly at the outset that the role and importance of transport in economies and in societies and as a force for cooperation and coordination is often underestimated. Better transport connections between Countries can help reduce tensions and inequalities and can contribute to stability, peace and growth, all objectives that you strongly espouse. Thus we have a common cause.

Let me first say some words about ECMT, about our role and work. Then I will speak a little of the importance of transport in our economies and societies. A very rapid overview of key themes in Transport Policy will follow and then I will discuss where some cooperation or coordination could be helpful.

2. ECMT and its Role

ECMT brings together, through the Ministers of Transport, the Governments of all the Countries across Europe. We also have as Associate Members, all the non European OECD Countries. In total, 51 Countries are involved.

We have an annual Ministerial meeting. The last one was in Moscow in May last year and the next meeting in Dublin in May this year.

The ECMT has over 30 international organisations with consultative status and works with the IFIs and many other organizations.

Our outputs include policy reports, research studies, publications, policy agreements, Recommendations and resolutions. The Recommendations and Resolutions belong to what is known as soft law as they are non binding.

At their recent meeting in Moscow, Ministers agreed to pursue high-level discussions on the future directions of the ECMT with a view to Forum more global and which will help transport to get more interest and attention.

3. Importance of Transport in Societies and Economies

Transport usually accounts for between 6 and 8% of GDP, going up to 10% in some Countries. About 6% of jobs are in the sector, many more if we count those linked to vehicle manufacturing and use. There are 10 Million transport jobs in the EU. Transport can account for up to 40% of public investment. Households spend up to 15% of their income on transport. ECMT data show that most advanced Countries have spent the equivalent of 1% of GDP on transport investment over a long period. Our recent studies underline the growing importance of transport to trade. As tariff and other trade barriers are reduced, the transport costs and problems assume a greater importance.

4. Transport Policy: Successes and Challenges

You will find a good overview and summary of the successes and challenges in transport on the ECMT Web site (<http://www.cemt.org/online/council/2003/CM0301e.pdf>)

Here I will summarise through some broad headings

Many successes – In a general sense, viewed over a long period, the developments in transport have been impressive. The enormous changes in the world economy, including the dramatic increase in international flows of goods and capital, i.e. globalisation, depend critically on reductions in communication costs. Indeed, recent empirical evidence shows that the productivity increases in the transport sector are the most important determinant of the structural changes in the world economy. These productivity increases have been facilitated by reductions in trade barriers, opening of borders, significant investment in facilities and equipment, a substantial body of law and practice at national and international levels and increasingly trained and skilled professionals in the sector. New techniques and technologies (high-speed trains, containers) have also contributed to improved productivity.

In general, accessibility and mobility opportunities have increased phenomenally and transport is faster, safer, cleaner and cheaper than it has ever been.

But the system is still not sufficiently safe, clean or accessible. The number of people killed in road crashes in ECMT since it was set up is probably of the order of 3 million. Annually about 100 000 people are killed and 2 million injured in the ECMT area. Associate Countries account for an additional 80 000 deaths.

Transport is not efficient enough

- Deregulation is uneven between modes
- Subsidies do not always show value for money
- Investment shortfalls
- Incomplete transport chain

Policy aspirations have been difficult to implement

- Implementation has often proved difficult because...overemphasis on supply side
- Inadequate enforcement - support to producers rather than users

Transport institutions have been too fragmented

- Institutions fragmented between modes & jurisdictions

Challenges for the Future

- Implementing existing agreements
- Measures that work together
- Looking beyond short term political horizons
- Transport Ministers' aims need support of parliament and society
- More integrated services and institutions
- Supply and demand side instruments
- More consultation.
- Balance between managing demand reduction and enhancing mobility
- Better co-ordination of infrastructure planning.
- Open markets on the basis of quality
- Investment remains essential but assessment methods need improvement
- Seek private sector involvement

Summary

Considerable progress has been made and the transport systems of today are faster, cleaner and safer than they have ever been. International co-operation has been strengthened considerably and significant steps have been taken to improve understanding and to streamline and harmonise policies. But there have been failures and weaknesses too, including in policy implementation, in using too limited a range of policy instruments, in over-fragmented institutional structures and in communication with the public. Based on this analysis the challenges facing transport policy in the future are then set out. Implementing fully the policy decisions already taken would make a significant difference. But in addition, transport faces emerging challenges and new strategic directions for transport policy making and for Transport Ministers and Ministries are needed. These include taking a broader and more holistic view of transport, taking a more proactive approach to dealing with traffic growth, strengthening institutions to support these aims and improving communication to help implementation.

5. Specific Opportunities for Cooperation

The Importance of Transport

I have given some figures on transport's economic importance. But it is greater than this. Facilitating contacts between people and trade can help reduce political tensions or can be very symbolic of the intentions to reduce tensions. There are closed borders in our region. Some might be opened. There are incompatible plans for transport axes. Can OSCE help here?

Transport needs to compete for scarce national resources. Transport spending can be extremely cost effective. But, appraisal and assessment need to improve too. Raising awareness on these issues is important.

Many of the problems of transport occur at interchange points. This applies in a physical sense when we have to break a journey at terminals or stations. It also applies institutionally and some of the big unresolved problems we have are due to unclear or divided institutional responsibility. Here raising awareness among actors can contribute. Some specific examples are given below. An interesting general one concerns road safety. In the ECMT region about 100,000 people die annually in road accidents. This is probably more than in the conflicts that we have. Dealing with this toll requires strong societal commitment and determined actions over a long period. These actions are more or less known. What is missing in many of the Countries is the commitment across Society to do something about it. Everyone can help here.

Infrastructure Planning

There is a need for and significant benefits in, international coordination on infrastructure planning. Such planning can avoid costly mistakes, can encourage contacts and discussion at technical and practical levels, even though political tensions might be high, and can pave the way for improvements in the future. Such a bottom up approach is at least as important as a top down one. Doing this between Countries, or regionally even, for example in the Caucasus or in Central Asia could be helped by OSCE. The positive interactions in the Balkans since the ECMT TIRS study show what can be done.

There are many difficult issues here. These concern especially priorities between different choices where existing techniques are poorly applied. The issue of financing is also crucial. A lot of hope has been placed on private solutions and on Public Private Partnerships. In many countries of the OSCE this is not a very realistic option. Public funds are the main option and all Ministries can help by aiding the mobilisation of funds.

Border Crossings

There is a large amount of work on this topic. ECMT Ministers have discussed it five times in the last twenty years. Yet problems remain. These frequently concern interinstitutional problems at borders. We even suggested in one of our reports that there should be a border manager. This has not been implemented. Improving border crossings is more cost effective than infrastructure investment in many cases.

Visas

This has been for many years a real obstacle to transport. Professional drivers have still to go through complex costly and time consuming processes to get visas. The risks of professional drivers misusing visas has been shown to be very low. Transport Ministries have failed or been unable to resolve this problem. Maybe OSCE could help.

Security

One of the fields in which we have been active has been Security. One recent study concerned container security and in particular the potential for terrorists to exploit vulnerabilities in the global and intermodal container transport system. This system, as many of you are aware, ensures the flow of millions of containers to and from the furthest hinterlands by road, rail and waterway through hundreds of major container ports and is the backbone of global trade. It is a system whose success has largely been predicated on its openness and flexibility... and one whose potential vulnerability to terrorist mis-use came under increasing scrutiny since the attacks of September 11th, 2001.

However, in the months following September 11th, it became clear that initiatives to enhance container security focused primarily on *individual* modes and not on the whole of the container transport chain and, furthermore, rarely incorporated considered and accepted risk management approaches. In this context, the worst scenario was taken as the most probable and, therefore, the most expensive remedies were considered to be wholly justified.

Against this back-drop, the ECMT and the OECD Maritime Committee were asked to undertake a major review of the entire container transport chain, its vulnerability to terrorist mis-use and the appropriateness and effectiveness of policy responses to ensure its security. The result of this work -- the report on Container Security Across Modes -- has been accepted by ECMT and OECD Ministers and was published last year. It has been welcomed as an essential reference in the field and has supported a number of initiatives amongst those international agencies with oversight and responsibility within this area such as the World Customs Organization and the UNECE. In response to the report findings, the ECMT will undertake a review of risk management approaches and cost benefit analysis for security-related initiatives in the transport arena.

We have also actively co-operated with the OSCE in relation to this particular aspect of transport security. We participated in the OSCE Technical Experts Workshop on Container Security held in February of last year and will present the Container Security report at the forthcoming second preparatory meeting for the 14th OSCE Economic Forum to be held in Baku in March of this year."

Reducing Crime

We have together with the IRU a study under way on reducing Crime in Road Transport. There are serious problems affecting the industry, with thefts of vehicles and their loads as well as frequent physical attacks on drivers. We are trying to establish first the extent of this problem since data are scarce and not comparable. Then we are looking at the possibilities to do something additional about it. We have a set of recommendations on this directed both at the authorities and the profession. Their implementation requires the support and help of interior and other Ministries.

Corruption

There remain problems here, especially at borders but also in relation to traffic police and other authorities. Resolving this is well beyond the capabilities of the transport authorities and again the cross-Ministry expertise that you can bring should contribute to eliminating this problem.

6. Conclusion

Transport is a facilitation and a driver of economic growth. It aids wealth creation and can reduce inequalities. It allows people more freedom and better choices. It allows contacts and understanding between peoples. Its role is often underestimated. By helping to underline transport's vital role, OSCE is contributing to the increasing awareness that will help transport obtain its due share of policy and political attention.

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