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Major issues in transport

Strengthening of transport connectivity between Asia and Europe

Note by the secretariat

Summary

For centuries, transport routes between Asia and Europe have enabled people, goods, investments and ideas to move across the two regions, spurring economic growth, facilitating international trade and fostering cultural and scientific exchanges. Likewise, future socioeconomic progress will rely on enhanced intraregional and interregional connectivity which, currently, is hindered by infrastructure gaps, non-harmonized transport documents and incompatible technical and operational standards.

Recognizing the benefits that could derive from enhanced connectivity between Asia and Europe, countries on both continents have launched several initiatives to progress towards this objective. The latest mandate is contained in resolution 71/8 of 29 May 2015 of the Economic and Social Commission for Asia and the Pacific (ESCAP) on strengthening intraregional and interregional connectivity in Asia and the Pacific, in which the Commission requested the secretariat to consult with members and associate members, as well as other relevant organizations, in order to establish an institutional mechanism to support interregional transport connectivity between Asia and Europe, with the aim of introducing appropriate recommendations into the draft regional action programme for sustainable transport connectivity in Asia and the Pacific, phase I (2017-2021).

Taking into account this mandate, the present document provides a review of the latest initiatives to support the enhancement of transport between Asia and Europe and presents ways to further strengthen connectivity between the two regions. It also contains a proposal to establish an interregional coordination committee on transport between Asia and Europe, which would act as an institutional platform to create synergies among the existing initiatives, facilitate the elimination of non-physical barriers and achieve the required level of coordination in the planning and implementation of projects relating to infrastructure development and facilitation.

The Ministerial Conference on Transport may wish to review the merits of such an arrangement and provide further guidance to the secretariat on its establishment, role and management modalities. The Ministerial Conference may also wish to provide the secretariat with guidance on specific activities to be implemented during phase I (2017-2021) of the draft regional action programme for sustainable transport connectivity in Asia and the Pacific to strengthen connectivity between Asia and Europe.

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I. Introduction

1. For centuries, trade between Asia and Europe has been a significant basis for development for the two continents. Transport routes have enabled people, goods, investments and ideas to travel across the two regions, spurring cultural and scientific exchanges, facilitating economic growth and fostering international trade. Likewise, future socioeconomic progress will rely on improved transport infrastructure and services and enhanced pan-regional connectivity.

2. Enhanced connectivity between Asia and Europe could strengthen economic integration, resulting in more optimal resource allocation and trade prospects within an area that already covers 40 per cent of the world's land surface, houses 70 per cent of the world's population, and generates 60 per cent of the world's gross domestic product.[1]

3. In 2014, merchandise trade between Asia and Europe amounted to $2.3 trillion, making the two continents each other's top external partners. As a matter of comparison, merchandise trade between Asia and North America represents only 61 per cent of the Asia-Europe level.[2]

4. By further integrating the two region's transport networks, more countries and people will be able to participate in global production networks and global value chains. While this is important for all countries, it is vital for landlocked developing countries, which rely mainly on land connections to participate in interregional economic activities. Improved integration will also support cross-border investments, thereby allowing technology and innovation to be shared more easily across the regions.

5. Efficient transport systems also have the capability to energize international services, such as tourism, which can greatly contribute to socioeconomic development. In 2013, more than 800 million international tourist arrivals were recorded in Asia and Europe, generating more than $800 billion in receipts.[3]

6. Yet, despite the proven benefits, connectivity between the two continents is still hindered by infrastructure gaps, non-harmonized technical standards and regulations, and cumbersome cross-border procedures, which, even today, still make interoperability between transport systems a distant dream.

7. To explore how to address these issues, the present document first outlines the different options for transporting goods between the two continents and then provides an overview of the existing initiatives to strengthen connectivity between Asia and Europe and of the challenges that still stand in the way. It ends with a proposal to establish a new institution that could tackle the existing bottlenecks in a comprehensive manner.

[1] Calculation is based on data in the *Statistical Yearbook 2013* (United Nations publication, Sales No. B.15.XVII.1.H).

[2] Calculation is based on 2014 merchandise trade data from the ESCAP Online Statistical database. Available from www.unescap.org/stat/data/ (accessed 11 May 2016).

[3] World Tourism Organization, *UNWTO Tourism Highlights*, 2014 ed. (Madrid, 2014).

II. Freight transport options

8. Maritime shipping has always been the dominant mode of transport for trade between Asia and Europe. With the deployment of large-size vessels – some of which can now carry up to 20,000 Twenty-foot Equivalent Units (TEU) – seaborne transport benefits from significant economies of scale, which translates into competitive pricing. In addition, maritime transport avoids many of the issues arising from crossing borders, such as unpredictability, delays and rent-seeking practices, and the needed infrastructure is limited to ports. In 2014, it was estimated that approximately 23 million TEU were shipped on the Asia-Europe trade route (namely, 15.4 million TEU westbound and 7 million TEU eastbound). This represents a five-fold increase since 1995.[4]

9. Yet this transport mode does not offer an optimal option for all types of cargo due to its relatively low speed and its inability to serve on its own the needs of people and industries located away from coastal areas. In order for the full potential to be reached, maritime transport needs to be complemented by optimized interfaces in ports and efficient inland connections.

10. In addition, not all member countries of the Economic and Social Commission for Asia and the Pacific (ESCAP) enjoy the same level of access to global shipping networks. While the Liner Shipping Connectivity Index of the United Nations Conference on Trade and Development (UNCTAD) recognizes the ESCAP region as home to some of the best connected countries in the world, it also reveals that the trade levels of a number of countries are still weighed down by a lack of ship deployment to and from their main ports. Such is the case, for example, for Bangladesh, Cambodia and Myanmar.[5]

11. In recent times, rail transport has increasingly become a viable alternative to maritime transport on some segments of the Asia-Europe market, and it now constitutes a credible option which is gaining favour among major international shippers, in particular for movement between China and Europe. The 2010 introduction by BMW of a container block-train service between Leipzig, Germany, and Shenyang, China, has demonstrated the efficiency of rail over maritime shipping for high-value, time-sensitive cargo, especially when origins and destinations are away from major international seaports. The service offers transit times that are twice as fast as those of sea transport and costs that are twice as cheap as those of air cargo.[6] Following this successful example, other services have been introduced with similar efficiency, such as the Yiwu, China, to Madrid service, launched in November 2014, which covers the 13,000 km distance in three weeks compared to six weeks by sea.[7] A more recent example is the introduction of

[4] *Review of Maritime Transport 2015* (United Nations publication, Sales No. E.15.II.D.6).

[5] According to 2016 data, the first four ranking countries are China, Singapore, the Republic of Korea and Malaysia. See http://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=92.

[6] Dirk Ruppik, "Growing business on the steel silk road", *Railway Gazette International*, vol.171, No. 3, pp 44-47 (March 2015).

[7] Stephen Burgen, "The silk railway: freight train from China pulls up in Madrid", *The Guardian*, 10 December 2014. Available from www.theguardian.com/business/2014/dec/10/silk-railway-freight-train-from-china-pulls-into-madrid.

a service from China's Zhejiang province to Tehran which covered the 10,400 km distance in 14 days.[8]

12. Studies conducted under the Euro-Asian Transport Links project, a joint project of the Economic Commission for Europe (ECE) and ESCAP, also reveal that rail is not only time efficient for freight transport but can also be cost efficient, depending on the origin/destination points, in particular when the final destination is located far from seaports. Using the time/cost-distance methodology developed by ESCAP, the study compared inland and seaborne transport modes along different pairs of cities and concluded that rail was cheaper in five of the nine cases studied, with a difference of up to 68 per cent in favour of rail.[9]

13. Building on these comparative advantages, the transport of cargo by rail between Asia and Europe could significantly increase if fast and reliable services continued to be developed along specific corridors, in particular for high-value and time-sensitive commodities, such as electronic goods and automotive parts. In 2009, a study by the International Union of Railways estimated that by 2030 rail-carried containerized trade between Asia and Europe could reach 1 million TEU and the market share of rail freight could increase from 1.3 per cent to approximately 5 per cent.[10] However, realization of this growth potential depends largely on adequate interfaces between rail and other transport modes, a streamlining of cross-border procedures and the intercountry cooperation to receive and dispatch full train loads.

14. Road transport, meanwhile, also has a key role to play in the efficient movement of trade between Asia and Europe. Although the mode is not competitive on long distances, it plays a critical role in first- and last-mile haulage, which is an integral part of the door-to-door concept. In addition, the absence of a national railway network in some countries in the ESCAP region leaves them with no other options. Therefore, enhancing the efficiency of international road transport has to be an integrated part of any strategy aiming to strengthen Asia-Europe connectivity.

15. As the fastest mode of transport, air transport also presents advantages for high-value and time-sensitive goods such as computers and perishable products. These advantages have resulted in an annual growth of 5.5 per cent for Asia-Europe air freight since 1998, reaching 4.2 million tons in 2013.[11] While a portion of air cargo, such as small packages, is transported on passenger flights, the vast majority, namely 72 per cent, is carried on dedicated cargo flights[11] which offer more predictable services and specialized space for oversized cargo and hazardous materials. However, while the time advantage of air transport is its main competitive edge,

[8] Railway Gazette, "China – Iran container train", *Railway Gazette*, 5 February 2016. Available from www.railwaygazette.com/news/freight/single-view/view/china-iran-container-train.html.

[9] United Nations, Economic Commission for Europe, *Euro-Asian Transport Linkages, Phase II, Expert Group Report* (New York and Geneva, 2012). Available from www.unece.org/fileadmin/DAM/trans/main/eatl/docs/EATL_Report_Phase_II.pdf.

[10] Presentation by Oliver Sellnick, Director Freight of the International Union of Railways, "Overview rail freight" at the ESCAP seminar on promoting the use of the Trans-Asian Railway, Busan, Republic of Korea, 14 June 2011.

[11] Boeing, *World Air Cargo Forecast 2014-2015*, Available from www.boeing.com/resources/%20boeingdotcom/commercial/about-our-market/cargo-market-detail-wacf/download-report/assets/pdfs/wacf.pdf.

demand remains limited due to its high cost, which is typically 4 to 5 times that of road transport and 12 to 16 times that of sea transport.[12]

16. Needs and type of cargo aside, the modal choice of freight operators will be dictated by such factors as the relative performance of each mode, which, in turn, is influenced by policy decisions, infrastructure connectivity, level of transport facilitation and operators' capacity. For instance, by strengthening land connectivity, countries would enable transport operators to take full advantage of intermodal options that complement traditional shipping services. A wider array of transport options would also allow them to optimize their logistics chain based solely on their business needs and the competitive advantage of each transport mode.

III. Challenges

17. Enhancing Asia-Europe connectivity requires that several challenges be addressed. First, large investments are required to fill the existing gaps in infrastructure and assets. Second, countries have to address non-physical barriers, such as non-harmonized regulations that create delays and increase the overall cost of transportation between the two continents. Third, consistent technical standards are required to facilitate transport across the two regions.

A. Infrastructure gaps

18. Regional road and railway networks need to be built or upgraded to efficiently support the transport requirements of businesses.[13] Meanwhile, investments are also required in ports to accommodate ever-larger vessels and in new airport terminals to cope with the growing number of passengers. In the ESCAP region alone, the latter increases by an estimated 90 million passengers per annum.[14] As part of the Euro-Asian Transport Links project, 311 projects were ranked as priority for improving connections between Asia and Europe, for a total investment of $215 billion, out of which approximately 188 projects were ranked as high priority, with a total cost of $78 billion.

19. Mismatched intercountry connections also prevent effective physical connectivity along land-based corridors. Physical obstacles at border crossing points include ill-designed facilities, such as narrow access roads and the lack of dedicated transit lanes. The absence of modern equipment, such as X-ray machines for the non-intrusive inspection of cargo, can also contribute to delayed shipments and discourage operators from making greater use of land transport.

[12] World Bank, "Air Freight: a market study with implications for landlocked countries", Transport Papers, No. TP-26 (Washington, D.C., 2009). Available from http://siteresources.worldbank.org/EXTAIRTRANSPORT/Resources/515180-1262792532589/6683177-1268747346047/air_cargo_study.pdf.

[13] For example, upgrading networks could mean increasing the maximum axle load of railway tracks so trains can transport higher freight volumes per journey. For the road sector, it could mean raising the design speed and the number of lanes.

[14] The number of passengers in the ESCAP region has grown by 88 million per year on average during the period 2010 to 2014. Calculation is based on data from ESCAP Online Statistical database. Available from www.unescap.org/stat/data/ (accessed 11 May 2016).

20. Seamless intermodal connections between air, road, railway and maritime transport are also needed. The importance of interfaces between modes is exemplified by the problems faced by railways in ports. Very few, if any, ports in the region have layouts which are compatible with the efficient operation of container trains. Typically, rail loading/unloading tracks are of insufficient length to accommodate full-length trains and are located too far from berth-side container stacks to allow single-lift loading and unloading operations using port handling equipment, such as portal cranes or reach stackers. Consequently, most ports, far from encouraging a modal shift from road to rail, actually reinforce the predominant use of road transport for inbound and outbound container movement even on distances which would otherwise be favourable to rail transport.

21. Inadequate interfaces between different transport modes lead to an underutilization of land transport infrastructure networks for international trade, discourage industries from locating away from coastal areas and hamper the development of hinterland areas. A number of countries are aware of this issue and have started to give renewed attention to the development of dry port facilities in order to improve intermodal connectivity, as illustrated by the entry into force of the Intergovernmental Agreement on Dry Ports in April 2016.

22. Strengthening Asia-Europe connectivity also demands considerable investments in transport assets. While efficiency in the shipping industry is often challenged by overcapacity, the railway sector, in contrast, often faces underinvestment in rolling stocks.

23. To tackle the infrastructure and asset gaps that impede transport across the two continents, countries have to further coordinate the planning and delivery of their infrastructure projects. They also need an institutional mechanism for the discussion of bottlenecks, the identification of financing options and the exchange of best practices.

B. Rules and regulations

24. Non-physical barriers such as those emerging from restrictive and non-harmonized rules and regulations continue to significantly hinder the efficiency of Asia-Europe transport. Thus, in still too many cases, the fact that foreign trucks cannot operate on the national road network of another country forces cargo to be trans-shipped onto domestic vehicles at the border, resulting in higher costs, long delays and a lack of security for the transported goods. In other cases, only a limited number of national roads are open to foreign vehicles. In such cases, when countries authorize foreign truck drivers to operate on their national road network, these drivers are often subjected to long and cumbersome visa procedures and, due to the absence of commonly agreed insurance coverage, need to spend time purchasing additional vehicle insurance before being permitted to continue their journey. It is also not uncommon for cargo and trucks to be inspected several times during the same journey within one country or at one border crossing. All these issues result in higher transit costs that are barriers to the use of land transport options for interregional transport services.

25. The lack of standardization in transport documents also hampers Asia-Europe connectivity. The adoption of standardized documents would greatly facilitate the exchange of data and the submission of pre-arrival customs declarations, which would allow authorities to plan their inspection duties before the physical arrival of cargo at a border, as is already common practice in air and maritime transports. To avoid forming new barriers, these standards

must be compatible across modes so as to support the emergence of intermodal solutions. A wider application of paperless documents by customs authorities could also improve transport efficiency and enable operators to take full advantage of modern information and communications technology.

26. Recognizing the need to facilitate international transport, countries have made steady progress in addressing non-physical barriers. For example, the Intergovernmental Agreement of the Shanghai Cooperation Organization Member States on the Facilitation of International Road Transport, formulated with technical and financial assistance from the Commission's secretariat, opens up new routes for transport operations and services from ports in China to Saint Petersburg, Russian Federation, via Central Asia. Likewise, China, Mongolia and the Russian Federation, with assistance from the secretariat, are negotiating an intergovernmental agreement on international road transport along the Asian Highway network, which will open up movements by road on some important transport linkages between Asia and Europe. In South Asia, in 2015, Bangladesh, Bhutan, India and Nepal signed a motor vehicles agreement designed to improve their connectivity. The Economic Cooperation Organization has also developed a road and railway networks and transit facilitation agreement. While all these initiatives go in the right direction, it is necessary to ensure that their finality and implementation are compatible with one another, and, eventually, that their coverage is extended across all major corridors serving trade between Asia and Europe.

C. Technical standards and operating procedures

27. A third category of obstacles to Asia-Europe transport connectivity relates to the different technical standards that coexist as well as incompatible or suboptimal operating procedures that prevent the emergence of a truly common transport system with efficient operational capability.

28. In the area of technical standards, there are no common norms in the road sector throughout the region with regard to vehicle weights and dimensions, and existing registration and inspection certificates are not always mutually recognized. This often results in inefficient practices, such as trucks being weighed several times during the same journey in an effort to discourage overloading.

29. Yet, when it comes to technical standards, rail transport may be the one transport mode presenting the greatest disparity. Even when track gauge continuity exists between the rail networks of two neighbouring countries, differences in braking and signalling systems, axle load parameters and power supply often still prevent interoperability. In many instances, railway organizations also conform to different operational rules that prevent a greater use of rail transport along international routes.

30. Asia-Europe connectivity also depends on efficient, predictable and consistent procedures at border crossings. Transit times could be improved if, among other measures, joint inspections at one-stop border posts, the Commission's Border Crossing Management Information System and the Secure Cross Border Transport Model were applied. By aligning operating hours at borders, authorities could also ease the overall stoppage time of trains, while greater coordination among the multiple agencies operating at borders would reduce transport operators' waiting time.

31. The harmonization of standards, the mutual recognition of certificates and the implementation of best operating practices could lead to significant

progress in the efficiency of movement between the two regions. The establishment of a dedicated forum, where policymakers of both continents could raise related issues and discuss and agree on possible solutions, would be an important step towards this objective.

IV. Existing frameworks to strengthen connectivity between Asia and Europe

32. The magnitude of the connectivity challenge calls for collective efforts by member States, international organizations and international financial institutions. Recognizing the benefits of enhancing Asia-Europe transport connectivity, countries have supported different frameworks that could contribute to this objective.

A. Country-led and subregional initiatives

33. A large number of national initiatives have been launched to improve Asia-Europe connectivity. For instance, the Chinese Silk Road Economic Belt and the Twenty-first Century Maritime Silk Road, commonly referred to as the Belt and Road Initiative, share this objective. Likewise, the Eurasia initiative of the Government of the Republic of Korea aims to bind together the two regions as one continent. The Russian Federation has been promoting the Trans-Siberian Railway for cargo transport between Asia and Europe, and the Coordinating Council on Trans-Siberian Transportation, established in 1997, is responsible for coordinating the activities of companies active on the Trans-Siberian Railway. Kazakhstan proposed the Western Europe and Western China initiative to upgrade transport links in Central Asia to facilitate transit between the two continents. Other initiatives with a more limited geographic scope also contribute to the grand scheme of Asia-Europe connectivity, such as the Central Asia-South Asia initiative undertaken by Afghanistan, Kyrgyzstan, Pakistan, Tajikistan and Turkmenistan.

34. Ad hoc platforms have also been created to address the issue of transport bottlenecks in several subregions, with partial inclusion of Asia-Europe connectivity. For example, the United Nations Special Programme for the Economies of Central Asia comprised, since its establishment, the Project Working Group on Transport and Border Crossing, which will in the future carry out its functions as the Thematic Working Group on Sustainable Transport, Transit and Connectivity. Transport is also a priority area of the Central Asia Regional Economic Cooperation Programme, which includes six road and railway corridors. The Organisation for Co-operation between Railways has also proposed 13 railway transport corridors for its member countries, with the majority of them linking North-East and Central Asia with Eastern Europe.

35. Capitalizing on the momentum generated by the above initiatives, countries can achieve significant progress towards Asia-Europe connectivity. However, these initiatives will achieve sustainable and long-term impact only if greater coordination and synergy among them are developed.

B. Regional financing mechanisms

36. Realizing the investment challenges in the region, countries have supported the launch of new institutions that could provide access to more financing options for infrastructure projects of a regional nature. The most visible is the Asian Infrastructure Investment Bank, which was launched in 2015 to increase financial resources available to developing Asian economies.

In addition, concomitant to the above-mentioned Belt and Road Initiative, China has set up the Silk Road Fund which also supports investments in infrastructure projects. Similarly, the New Development Bank is expected to support countries in meeting their infrastructure investment needs, while the Partnership for Quality Infrastructure set up by the Government of Japan aims at mobilizing financial resources and know-how from the private sector. These initiatives complement the efforts of existing multilateral development banks for infrastructure development.

37. At the subregional level, several groups have also developed their own dedicated financing mechanisms such as the Association of Southeast Asian Nations Infrastructure Fund, the Eurasian Development Bank and the South Asian Association for Regional Cooperation Development Fund. In addition, the Shanghai Cooperation Organization is currently discussing the possibility of establishing its own development bank.

38. All these mechanisms present financing opportunities that need to be seized by countries in the region in order to improve Asia-Europe connectivity. The optimal use of these resources, however, requires the coordinated planning of infrastructure networks, as success in developing international transport corridors will critically depend on a shared commitment from all participating countries that they traverse.

C. United Nations regional commissions

39. Attaching great importance to regional connectivity, ESCAP and ECE have played an instrumental role in the formulation of intergovernmental agreements for land transport infrastructure networks in their respective regions. These include, for ESCAP, the Intergovernmental Agreement on the Asian Highway Network, the Intergovernmental Agreement on the Trans-Asian Railway Network and the Intergovernmental Agreement on Dry Ports and, for ECE, the networks covered by the European Agreement on Main International Traffic Arteries, the European Agreement on Main International Railway Lines and the European Agreement on Important International Combined Transport Lines and Related Installations. These agreements contribute to the coordinated development of regional infrastructure networks and promote the adoption of common technical standards.

40. Establishing these networks via intergovernmental agreements ensures that countries plan their transport networks in a more coordinated manner and etch an international dimension into the development plans of their national infrastructure. Building on these efforts, in 2002, the Euro-Asian Transport Links project was also initiated to identify key Euro-Asian road and rail routes for priority development.

41. The United Nations regional commissions have also introduced transport facilitation tools and agreements to address bottlenecks in cross-border and transit transport. The Regional Strategic Framework for the Facilitation of International Road Transport and the Regional Cooperation Framework for the Facilitation of International Railway Transport of the Economic and Social Commission for Asia and the Pacific provide important guidance for planning and implementing transport facilitation activities. The secretariat has been assisting member States in formulating and implementing subregional and other multilateral agreements on transport facilitation. The secretariat has also developed a set of legal, technical and institutional tools for facilitating cross-border and transit transport. Finally, ECE has also developed a number of conventions and agreements relating to facilitation.

42. While these efforts are going in the right direction, further harmonization work and facilitation tools are needed at the interregional level, and there is a need for a platform to bridge the efforts described above. The agreements, frameworks and tools are regional by definition and administration. They can be further coordinated to satisfy the need for a smooth and efficient Asian transport system.

D. Asia-Europe Meeting

43. At the Asia-Europe Meeting summit held in Milan, Italy, in October 2014, leaders underscored the significance of connectivity between the two regions to economic prosperity and sustainable development and to promoting the free and seamless movement of people, trade, investment, energy, information, knowledge and ideas, and greater institutional linkages. They called for the establishment of an integrated, sustainable, secure, efficient and convenient air, maritime and land transportation system, including intermodal solutions, in and between Asia and Europe.[15]

44. Within the framework of the Asia-Europe Meeting, a meeting of the ministers of transport concerned is held biennially. The latest such meeting – and third of its kind – was held in Riga with the theme topic "Development of Euro-Asia multimodal transport linkages – status quo and blueprints for the future". The meeting reinvigorated and gave new impetus to the Asia-Europe Meeting Transport Ministers' Meeting format and followed up on the conclusions of the previous two Transport Ministers' Meetings held in Vilnius in 2009 and in Chengdu, China in 2011. The aim of the third Transport Ministers' Meeting was to broaden understanding of the recent development of the transport linkages between Asia and Europe, identify bottlenecks and weaknesses, and foster closer cooperation among all major stakeholders in order to harmonize strategic planning efforts.

45. In addition to the above ministerial meetings, an Asia-Europe Meeting symposium on the Eurasia Transport and Logistics Network was held in Seoul in September 2015, with the participation of Asia-Europe Meeting partners (Asia-Europe Meeting member countries, the European Union and the Association of Southeast Asian Nations Secretariat) and other stakeholders. The participants at the symposium proposed, inter alia, to establish a Eurasia expert group to ensure continued discussions and recommended measures on cooperation to enhance Asia-Europe connectivity.[16] The first meeting of the group was held in Seoul in July 2016, and should, in principle, be held subsequently on an annual basis. It is expected that the Eurasia expert group will operate in collaboration with institutions such as the United Nations regional commissions and aim to identify issues and solutions related to Eurasian connectivity.

46. These ministerial meetings are critical for setting priorities for the two regions and are a source of immense potential for improving connectivity between them. Relevant as it is in its current format, the Asia-Europe Meeting framework could, however, be reinforced through larger institutional support and stronger links with existing international organizations. In particular, it could benefit from further synergies with the work of the United Nations regional commissions on legal frameworks and technical/operational standards for international transport.

[15] See www.aseminfoboard.org/sites/default/files/documents/2014_-_ASEM10_-_Chair_Statement.pdf.

[16] See www.chnl.no/publish_files/Seoul_Declaration.pdf.

V. Interregional coordination committee on transport between Asia and Europe

47. In Commission resolution 71/8, the Commission noted that interregional connectivity remains an unfinished agenda and requested the secretariat to consult with members and associate members as well as other relevant organizations to establish an institutional mechanism to support interregional transport connectivity between Asia and Europe.

48. In order to implement resolution 71/8, the secretariat evaluated the three most likely options for establishing such a mechanism.

A. Possible options for an institutional mechanism

1. Enhancing cooperation between the Economic and Social Commission for Asia and the Pacific and the Economic Commission for Europe

49. ESCAP and ECE have been collaborating on strengthening transport links between Asia and Europe. Such collaboration could be at the programme and project levels. However, the institutional constraints of both regional commissions would make it impossible for them to act beyond their respective mandated geographical scopes to develop and implement common instruments or harmonized standards and operational procedures, which are much needed to achieve safe, smooth and efficient transport between Asia and Europe.

2. Establishing a joint mechanism of the Economic and Social Commission for Asia and the Pacific and the Economic Commission for Europe

50. ECE is adapting its transport functions for the global level and transforming its Inland Transport Committee into a global forum. Its role as a regional commission will become limited. A joint mechanism would need stronger support from ESCAP but make the operations of the mechanism less effective and less efficient.

3. Establishing a mechanism of the Economic and Social Commission for Asia and the Pacific in cooperation with the Economic Commission for Europe

51. With the reduced role of ECE as a regional commission, a strong mandate on connectivity between Europe and Asia, and a number of important infrastructural and institutional issues specific to ESCAP member countries in Asia, a mechanism would need to be established and led by ESCAP in cooperation with ECE. Such a mechanism could provide timely effective support to enhance intraregional connectivity while still ensuring adequate coordination with European transport networks.

B. Concept

52. Based on the evaluation, the secretariat proposes to establish an interregional coordination committee on transport between Asia and Europe with a view to maximizing the potential of the initiatives listed above by synergizing existing mandates, stimulating actions and benchmarking progress at a level that more low-key arrangements, such as meetings of experts, would not be able to attain.

53. The committee could help countries reap the full cost and time benefits of a functioning and efficient transport system between Asia and Europe. This requires, nevertheless, reinforcing cooperation at the interregional level and creating an institutional bridge between the two regions that could complement the work of the Asia-Europe Meeting Transport Ministers' Meetings and embody a collective effort to identify, understand and address specific issues. Such a bridge could support the development of interregional intergovernmental agreements and work towards the development of technical standards, recommendations and instruments applying to both regions.

54. To achieve its objective, the committee would need to bring together all transport modes, including air, maritime, rail and road for a cohesive and strategic development of transport infrastructure and delivery of transport services. The committee would seek to reinforce and support existing and future initiatives by increasing the level of coordination among them and providing the required platform to deal with transport issues between Asia and Europe in a coordinated and efficient way.

55. To be effective, the committee should be set up as an intergovernmental body designed to set an agenda for the enhancement of transport connectivity between the two regions and facilitate the seamless movement of people and goods. The intergovernmental nature of the committee would guarantee policy guidance at the desired level and ensure that the weight of executive power pushes forward the implementation of decisions taken at its sessions.

56. By organizing itself collectively at the intergovernmental level, the committee would ensure that its decisions are also collectively owned and, therefore, member States would feel a higher level of commitment. This would also reinforce and continue the spirit of cooperation evident during the negotiation process for the Intergovernmental Agreement on the Asian Highway Network, the Intergovernmental Agreement on the Trans-Asian Railway Network and the Intergovernmental Agreement on Dry Ports.

57. Such a framework, and in particular the principle of rotation of the presidency (section V.D below), would also provide opportunities for leadership. This is particularly important for countries with smaller economies, which would not be able to yield the same clout outside such a framework, and which could act within a broader international arena.

58. By combining technical and institutional considerations, the committee would gather information and coordinate and conduct activities in a comprehensive manner. It would also help identify and prioritize projects necessary to address existing bottlenecks along Asia-Europe transport corridors and mobilize resources and research capacities to offer innovative solutions to cross-continental transport challenges.

59. Establishing such a strategic mechanism will create the conditions necessary to achieve an effective system of functioning integrated intermodal transport corridors between Asia and Europe. At this time there is considerable political support and a growing consensus regarding the need to move the Asia-Europe connectivity agenda forward.

C. Terms of reference

60. The terms of reference of the committee could cover the following areas:

(a) Objectives of the committee:

(i) Ensure the continued and coherent development of transport linkages between Asia and Europe with a view to achieving seamless connectivity between the two regions;

(ii) Identify and address specific issues related to their operationalization;

(iii) Act as a catalyst between Governments to prioritize projects and implement them according to a timetable, as well as find ways around institutional barriers;

(b) Functions of the committee.

61. In order to meet the terms of reference, the committee shall:

(a) Coordinate national, subregional and regional initiatives that have been launched to improve transport connectivity between Asia and Europe, identify complementarities among these initiatives and provide guidance on integrating unimodal initiatives in order to utilize each mode of transport to the fullest possible extent;

(b) Develop stronger transport links that provide businesses with effective intermodal transport solutions offering fast and reliable services at competitive costs;

(c) Launch the necessary studies and actions to harmonize rules and regulations to ensure that transport links between the two regions are interoperable from both a technical and institutional perspective;

(d) Encourage the pooling and sharing of research capabilities to deploy advanced traffic management systems to make more efficient use of existing and future infrastructure;

(e) Implement studies supporting the development of efficient intermodal interfaces with a view to optimizing supply chain requirements between the two regions, including the development of information and communications technologies;

(f) Act as a catalyst to encourage member States to prioritize interregional linkages in their development plans and provide financial support for studies and the implementation of projects of common interest.

D. Possible institutional management of the committee

62. For management of the committee, the following is proposed:

(a) **Presidency**. The presidency of the committee should rotate among member States after each session. The president chairs the committee session and takes a lead role in organizing the activities of the committee during his or her tenure;

(b) **Secretariat**. A secretariat will support the presidency. It is proposed to allocate the secretariat role to the Economic and Social Commission for Asia and the Pacific (namely, the Transport Division), which would act as per its existing rules of procedure. The secretariat will be responsible for (i) preparing documents for consideration by the committee,

(ii) taking follow-up actions to the committee's decisions, (iii) proposing and overseeing the implementation of projects, (iv) compiling information regarding existing initiatives and coordinating work with them, (v) providing advice to committee members, and (vi) drafting and distributing the report of the committee on its sessions;

(c) **Sessions**. Sessions are the intergovernmental meetings at which the committee will make recommendations and take decisions regarding future transport policy orientations. To this end, the committee shall meet, in principle, biennially, with the possibility of organizing special sessions if and when required by the members. To minimize organizational costs, committee sessions will be held in conjunction with the Committee on Transport, or any other high-level intergovernmental meetings that may be organized in lieu of the Committee on Transport;

(d) **Members**. All member States of ESCAP and ECE will be members of the committee and as such will be invited to all sessions of the committee. They should take part in the committee sessions by means of high-level representatives from ministries of transport or equivalent governmental entities responsible for transport policies. Relevant international organizations and financial institutions will also be invited to participate in committee sessions. In addition, other relevant stakeholders, such as transport associations, transport operators, freight forwarders, logistics service providers, shippers and traders will also be invited to participate in the sessions of the committee in a consultative capacity;

(e) **Reporting**. The report of the committee on its sessions will be prepared by ESCAP acting in its capacity as secretariat for the committee. The report will be distributed to all members of the committee and submitted for consideration and adoption by the first annual session of the Commission following the session.

E. Coordination between the Economic and Social Commission for Asia and the Pacific and the Economic Commission for Europe

63. ESCAP and ECE have a long history of collaboration. In recent years, this collaboration has been most active in co-managing the implementation of the United Nations Special Programme for the Economies of Central Asia which includes joint areas of work in transport and border crossing. The two Commissions have also combined their expertise in the Euro-Asian Transport Links project. However, these programmes and projects mainly cover countries in the programme/project areas.

64. In addition, while Euro-Asian Transport Links findings are useful in mapping long-term future development, the number of transport infrastructure priority projects identified during the above-mentioned study (that is, 311) and the investment required to implement them ($215 billion) may frustrate expectations of quick improvement to the efficiency of transport between Asia and Europe. Even limiting it to a consideration of projects listed as high priority, their number (188) and related costs ($78 billion) remain beyond what may be reasonably implemented and financed simultaneously. This is also recognized by ECE, which stresses that these projects and investment needs have been assessed with the intention of helping Governments underpin their national transport investment strategies.

65. Finally, as Euro-Asian Transport Links activities are but one element among others that each Commission has to implement within its respective work programme, their priorities, while remaining high, follow a different schedule. In addition, at this point in their development, it is also more

difficult for the least developed economies of ESCAP to project trying to reach markets in Europe. As a result, more pressing development issues take precedence over the improvement of connectivity between Asia and Europe.

66. In view of the above, establishing a dedicated interregional coordination committee on transport between Asia and Europe and integrating its work with the two existing regional commissions will ensure equal awareness of and interest in implementing related projects, in particular in working towards a harmonization of standards and rules. More importantly, each Commission will be able to push the same agenda, on the same timetable, according to the same priorities.

67. To ensure coordination of activities as well as adequate flow of information, the ESCAP secretariat will prepare the committee sessions and implement follow-up actions in consultation with the ECE secretariat.

VI. Issues for consideration

68. While Asia and Europe remain each other's key trade partners, the trade volumes exchanged between these two regions could be further enhanced through better transport connectivity. Recognizing this fact, a number of initiatives have recently been made that attempt to address related issues, including in the areas of infrastructure development and greater harmonization of technical standards. It is believed that the potential of these initiatives could be maximized through the establishment of a body which would synergize existing mandates, stimulate actions and benchmark progress.

69. The Ministerial Conference on Transport may wish to provide further guidance on the following elements which are proposed for inclusion in the draft regional action programme for sustainable transport connectivity in Asia and the Pacific, phase I (2017-2021).

Immediate objective. To work towards the establishment of an interregional coordination committee on transport between Asia and Europe as an intergovernmental body designed to foster seamless sustainable transport connectivity between Asia and Europe for people and goods.

Outputs

1. Study on initiatives, transport infrastructure planning and institutional arrangements related to the development of transport corridors between Asia and Europe;

2. Study on harmonizing rules and regulations to eliminate non-physical barriers impeding the efficiency of transport between the two regions;

3. Study on technical standards applied along transport corridors between Asia and Europe;

4. Establishment of an interregional coordination committee on transport between Asia and Europe to help enhance transport links between Asia and Europe;

5. Workshop/seminar/meeting/advisory service on enhancing transport connectivity between Asia and Europe;

6. Report on progress in enhancing transport connectivity between Asia and Europe.

Indicators of achievement

1. Member States establish an interregional coordination committee on transport between Asia and Europe.

2. Measures taken by member States to develop and operationalize transport corridors between Asia and Europe.

3. Measures taken by member States to incorporate study recommendations for strengthening connectivity between Asia and Europe.

4. Report published on progress in enhancing transport connectivity between Asia and Europe.