

Project Concept Note Template for the follow-up meeting of the 2010 SPECA Economic Forum

Ashgabat, 2011

Deadline: 15 April 2011

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Project Title	Workshops for the adoption of Unified Railway Law to be used by SPECA	
Outcome	Improvement of international rail freight traffic	
Indicative Funding Requirements	Total estimated budget:	\$ 150.000
Potential Sources of Funding	[Donor(s): [Development Bank(s): Other Resources:	<ul style="list-style-type: none"> • Participating countries • IFIs interested in the promotion of international rail freight transportation, possibly IDB, ADB and the World Bank • The European Commission
Expected start date	January 2012	
Expected Duration	2 years - 3 seminars of 1 day each	
Implementing Organisation(s)	UNECE/OTIF/OSJD	
Country/Countries	SPECA countries	
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1 Background [Please refer to document ECE/TRANS/2011/3]

Development of an adequate transport system is a prerequisite for a country's economic progress. Transport is particularly essential for the development of international trade. In order to provide for efficient and seamless international transport, common conditions governing international transport have been developed during the last 50 years and are now applicable at regional and global levels for all modes of transport, except for rail transport.

Over the past decades, international trade, particularly between Europe and Asia, has exploded. So has containerized maritime transport reaching over 10 million twenty-foot equivalent units (TEU) annually. This trend is predicted to continue, while seaports on both continents are already close to saturation. The same holds true for port hinterland transport in Europe and Asia.

At the same time, important infrastructure projects along Euro-Asian transport corridors have already been completed or are close to completion, such as new railway lines and border crossings between China, Kazakhstan and Mongolia, the Marmaray tunnel under the Istanbul Strait in Turkey and the rail link between Iran (Islamic Republic of) and Pakistan connecting the Indian sub-continent with Europe.

Building adequate infrastructure is, however, not sufficient to exploit the potential of long-distance rail freight transport along the Euro-Asian land bridge as well as between adjacent countries. A level playing field is required in among competing transport modes. Also required are transparent and harmonized provisions of transport law applicable in the same way in all countries along Euro-Asian rail transport corridors that do also away with complicated border crossing procedures.

Only then will railways be able to create a solid market niche for time-sensitive cargoes between the markets for air (1 day) and maritime transport (30 days). Numerous test runs have

already been organized that show that rail could indeed provide a possible option for Euro-Asian freight transport, being twice as fast as maritime transport and considerably cheaper than air freight.

It is against this background that UNECE Governments are now developing a strategy or road (rather) rail map to do away with the disadvantages railways are suffering. Globalization, privatization and deregulation provide the railways with new options of action. Railway markets reach now out to transcontinental and global traffic flows. Governments should take up this challenge and act swiftly at the international level to turn rail market opportunities along Euro-Asian transport corridors into rail business.

2 Justification

Globally standardized procedures and mechanisms for air transport have been established by means of the Chicago Convention and other treaties (Warsaw, Montreal Conventions). These global conventions prepared and administered under the auspices of the United Nations, provide a transparent and consistent legal and administrative framework guiding the development of air transport and establish procedural rules for their implementation at national level by Governments and the airline industry.

Similarly, in the field of maritime transport global rules exist for many years already in the framework of the Hague-Visby and Hamburg Rules. Recent efforts to harmonize and update these maritime laws at the global level have led to the adoption in 2009 of the so-called Rotterdam Rules by the General Assembly of the United Nations (not yet in force).

Also, the United Nations Convention on the Contract for the International Carriage of Goods by Road (CMR) of 1956 as well as the Budapest Convention on the Contract for the Carriage of Goods by Inland Waterways (CMNI) of 2001 provide for efficient and seamless international road and inland water transport by standardizing the conditions governing the contract for the international carriage of goods as well as the minimum level of carrier's liability.

These international treaties contain well established principles and procedures governing air, maritime, road and inland water transport at the global as well as at pan-European and Euro-Asian levels. However, no such provisions exist in the field of rail transport.

Within the ECE region, extensive sub regional legislation and regulations exist within the EU in the areas of railway policy and rail interoperability that is applicable in the 27 EU member States.

In addition to the above mentioned treaties governing international transport law, there exist several, so-called "soft law" arrangements, such as United Nations resolutions or Model Regulations, that, while not legally binding, constitute an internationally agreed set of provisions that are implemented and applied through national legislation or regional or international treaties.

3 Expected Output(s)

A possible **short-term solution** could consist in the preparation of an Inter-Governmental Document (IGD) for Euro-Asian rail transport contracts that would address all non-commercial elements of rail transport of goods contracts between shippers and railway undertakings and are based on and in line with relevant provisions of COTIF/CIM and SMGS. The principles of consistency and most possible contractual freedom should be respected.

Scheduled time frame:

- Preparation of general terms and conditions for Euro Asian Rail Transport Contract: (OTIF, OSJD and CIT) March-October 2011
- Preparation of IGD (UNECE) June-October 2011
- Adoption of IGD and general terms and conditions November 2011
- Signature of IGD and general terms and conditions March 2012

Following adoption of the MoU and its general terms and conditions for Euro-Asian rail transport contracts, the preparation of global Model Regulations and Implementation Mechanisms, similar to those established for European inland navigation or the international transport of dangerous goods could be considered and taken up.

UNECE will provide secretariat services for the Group of Experts and shall ensure close cooperation with all stakeholders, including the European Commission, OTIF, OSJD, CIT and concerned Regional Commissions of the United Nations, particularly the Economic and Social Commission for Asia and the Pacific (ESCAP).

Planned outputs:

- a) Commitment of the SPECA countries and their active participation in the Group of Experts on Unified Railway Law;
- b) Actual implementation of the provisions of the new IGD
- c) Share of best practices with neighboring countries and other partners

Sustainability of outputs:

a) Kazakhstan as lead country of SPECA in the field of transport might be a focal point for the promotion of such instrument. Other SPECA countries could follow if proper training and awareness seminars would be provided.

b) Participation in the Group of Experts is open to all concerned United Nations member countries and experts from the European Commission's Directorate General for Mobility and Transport (DG Move). Concerned intergovernmental and non-governmental organizations, including OTIF, OSJD and CIT as well as concerned railway companies, freight and forwarding industries are invited to participate and provide expert advice in compliance with UN rules and practices in this respect.

c) The accession to the UNECE Agreements or Model Regulations foster trade and transport flows in the region. They are legal tools that can foster economical assets especially in low-income countries.

4 Proposed Approach & Strategy, including Capacity Development Response

Expected accomplishments: Enhanced knowledge of the work carried out by the UNECE Group of Experts on Unified Railway Law, whose mandate has been given during the 73rd session of the Inland Transport Committee, on 30 March, 2011.

SPECA countries may then be considered as a Pilot Group for testing and implementing the provisions of the new regulations.

Indicators of achievements:

- i) Number of participants,
- ii) their level of satisfaction with the workshops ,
- iii) Signature by SPECA countries of the new UNECE IGD on Unified Railway Law

Note:

The project will be developed in cooperation with OTIF and OsJD, in terms of:

- Technical assistance
- Support campaigns
- Sensitize local rail companies and other institutions.

Possible donors might be these organizations but also the European Commission, the World Bank and/or other IFIs interested in the promotion of international rail freight transportation

5 Annual Work Plan - Year: 2011 - 2012

PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				PLANNED BUDGET
	Q1	Q2	Q3	Q4	Amount \$
1. 1 full day workshop to present the IGD on Unified Railway Law to SPECA countries, in a SPECA country (Kazakhstan?) early 2012	1				50 000
2. 1 full day workshop for testing The IGD and mechanisms in the SPECA region				1	50 000
3. 1 full day workshop for testing The IGD and mechanisms in the SPECA region		1		1	50 000
TOTAL					150 000