

Euro-Asian Transport Progress up-date

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Working Party on Transport Trends and
Economics (WP.5) 35th Session

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Mandate

The ITC at its eighty-fourth annual session in February 2022:

“Noted the endorsement by WP.5 of the initiative of the Governments of Azerbaijan, Georgia, Türkiye, Kazakhstan and Ukraine to develop and implement an EATL Route 3 Corridor Coordination Management Mechanism and Corridor Performance Review (COPR) Mechanism and invited these Governments and the secretariat to provide an update on progress made at the next ITC session in February 2023”

ECE/TRANS/WP.5/2022/1 and informal document no. 6 [provides a preliminary progress update]

Overall trends

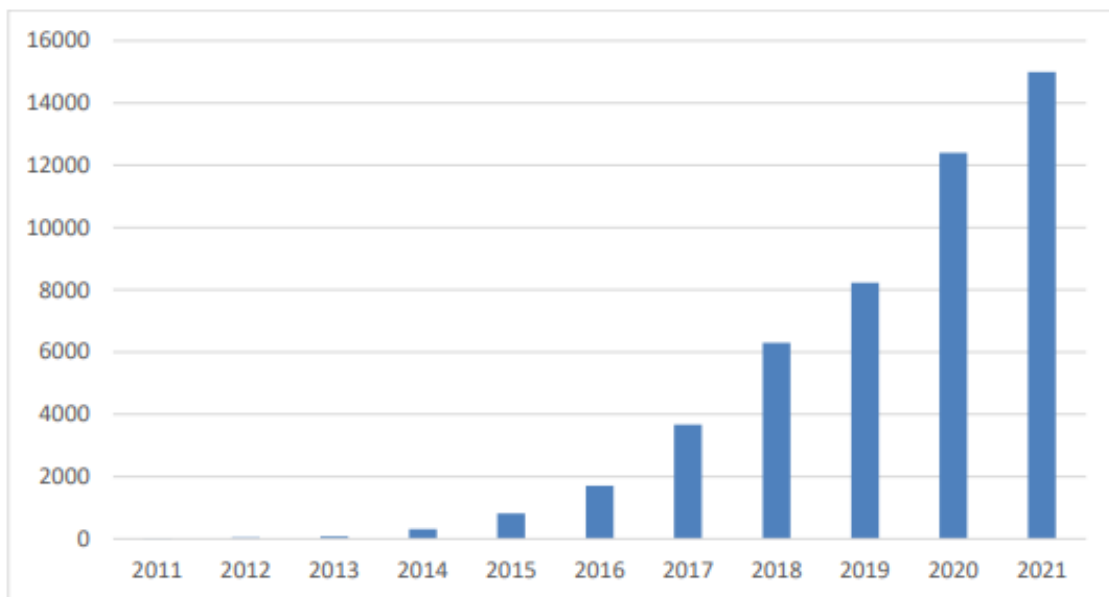
- Trade between Europe and Asia currently at USD 3.1 trillion (ITC 2021)
- China-Europe freight trains surpass 15,000 yearly. In May 2022 alone, China-Europe freight container trains transported TEU 129,500
- Maritime container freight rates feature a steep increase, e.g. ocean shipping costs per container from China to Türkiye were in 2018 at ca. USD 2,500 USD/ currently at USD 14,000
- Container shortages



Increased ocean shipping rates lead to a further increase of rail freight movements

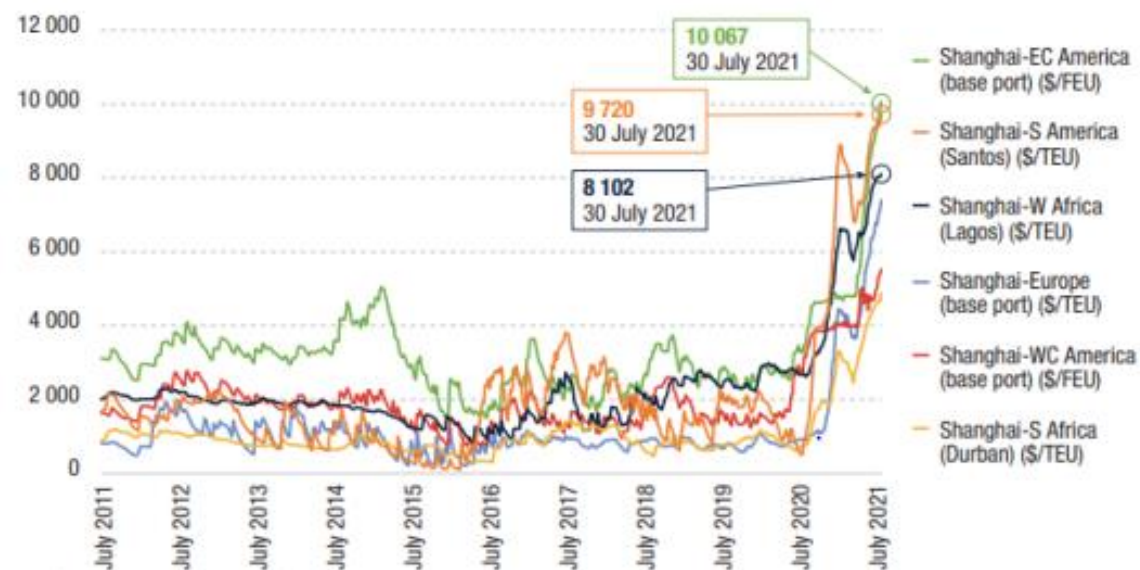
➔ Opportunity for the Trans-Caspian and Almaty-Istanbul Corridors

Figure II
China-Europe rail freight train shipments



Source: New Silk Road Discovery (2022)⁹

Figure I
Shanghai-Europe Ocean shipping price history



Source: UNCTAD, 2022

SWOT analysis – Trans-Caspian

Strengths

Strong Government commitment to improve and attract additional cargo flows

Many ongoing international initiatives

High potential infrastructure projects are being implemented, e.g.:

- In Azerbaijan and Georgia (Baku and Poti (deep) seaports)
- In Türkiye: doubling of the Plovdiv-Istanbul line including upgrades to the Svilengrad-Kapıkule border crossing in Bulgaria planned
- High speed railway development program linking, e.g., Istanbul-Edirne, Ankara-Izmir

Weaknesses

Scarcity of active players on the corridor/
lack of a powerful integrator / facilitator /
coordinator

Lack of a centralized entity that drives the cargo flows on EATL route 3 (clients need to interact with one entity for the whole service instead of with three or four carriers;)

Limited scheduled train services
(confidence by the market is built when regular, trusted, and efficient services are provided)

Limited and non-scheduled ferry services

Interoperability challenges, different customs and consignment regimes, different gauge width

Too many international/ regional initiatives and undertakings, sometimes competing and lacking coordination

Lack of data digitization and CIM/SMGS harmonization complicating processes



SWOT analysis – Trans-Caspian



Opportunities

Rail sector is increasingly recognized as environmentally sustainable creating powerful momentum for the sector

Countries along the corridors ready to commit to corridor development

High demand potential for countries in catchment and for specific categories goods

Harmonization and digitalization of customs and transport documents can provide quick gains

Threats

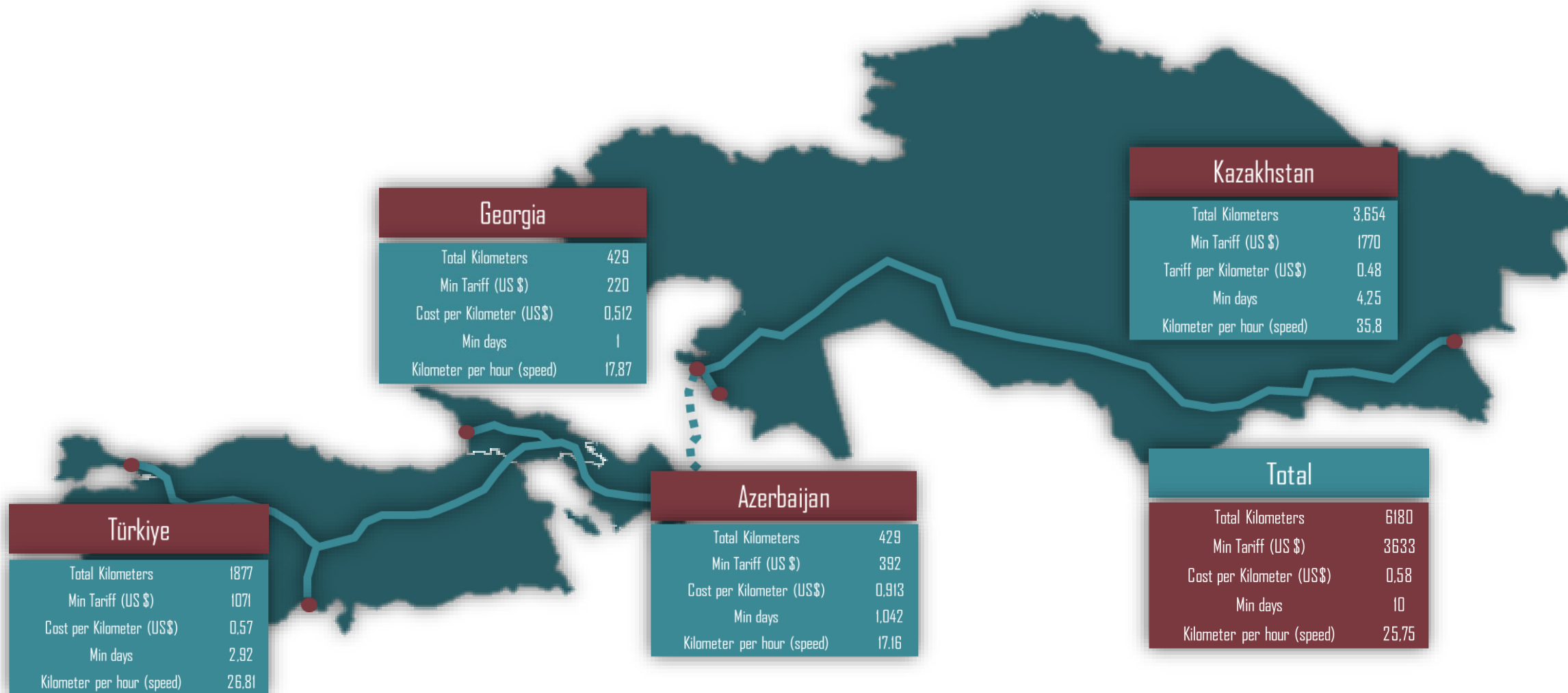
Other EATL routes are still outperforming in terms of transit time and costs, reliability, and complexity

Parts of the demand for EATL route 3 are diverted to other routes, to avoid certain inefficiencies

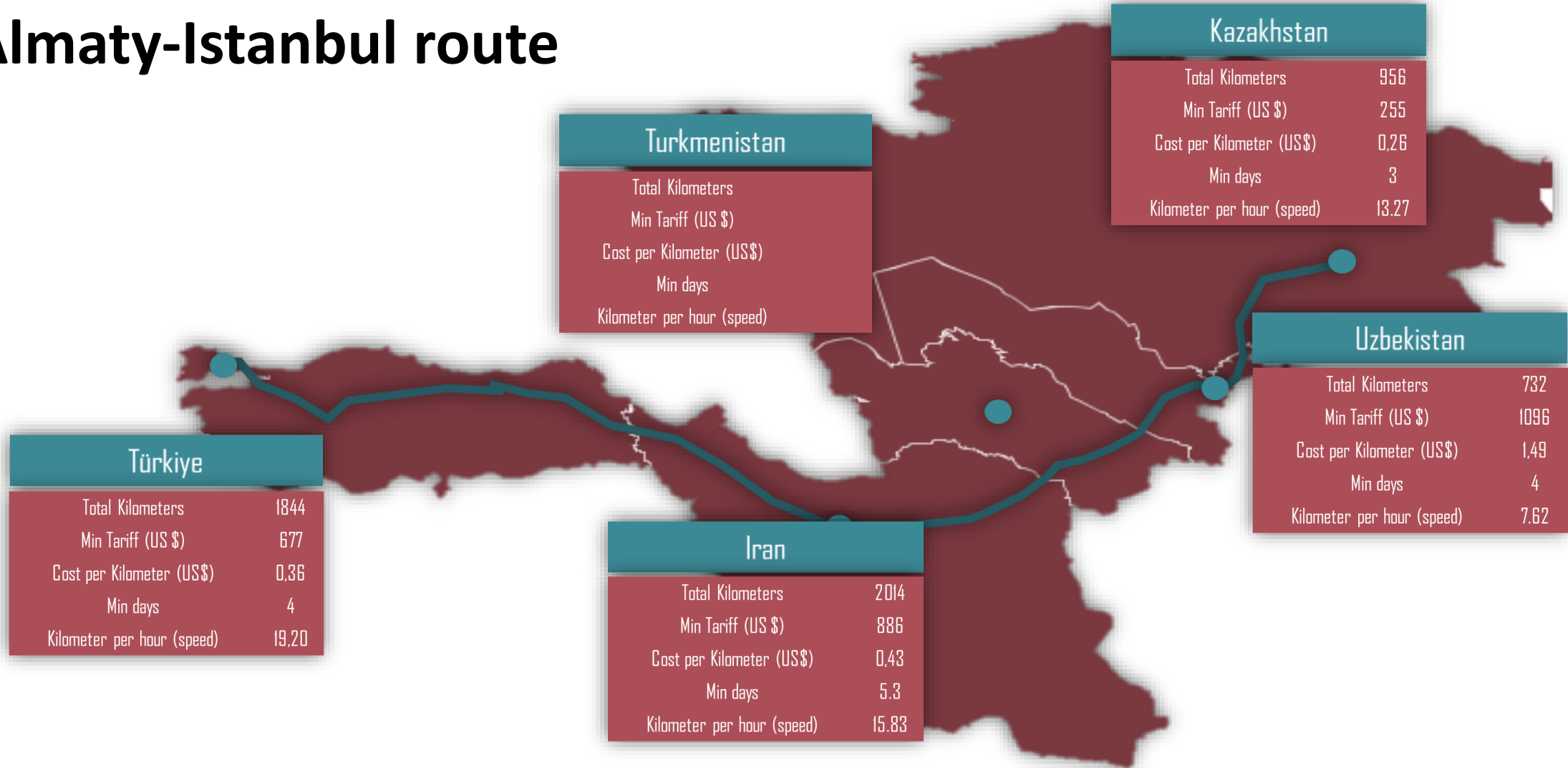
Chinese subsidies are currently focused on Northern corridors

Many countries trying to attract increased volumes individually – lack of a collective Whole of Corridor approach

Trans-Caspian route



Almaty-Istanbul route



Türkiye	
Total Kilometers	1844
Min Tariff (US \$)	677
Cost per Kilometer (US\$)	0.36
Min days	4
Kilometer per hour (speed)	19.20

Turkmenistan	
Total Kilometers	
Min Tariff (US \$)	
Cost per Kilometer (US\$)	
Min days	
Kilometer per hour (speed)	

Iran	
Total Kilometers	2014
Min Tariff (US \$)	886
Cost per Kilometer (US\$)	0.43
Min days	5.3
Kilometer per hour (speed)	15.83

Kazakhstan	
Total Kilometers	956
Min Tariff (US \$)	255
Cost per Kilometer (US\$)	0.26
Min days	3
Kilometer per hour (speed)	13.27

Uzbekistan	
Total Kilometers	732
Min Tariff (US \$)	1096
Cost per Kilometer (US\$)	1.49
Min days	4
Kilometer per hour (speed)	7.62



Corridor based action is needed:

- To establish corridor-wide agreed timetables and tariffs as well as *en route* border crossing point efficiency for rail freight transport on both the Trans-Caspian and the Almaty-Istanbul corridors
- To agree on a prioritized list of actions to be taken in relation to harmonization of existing tariffs, services, and time schedules and to overcome remaining physical/ non-physical challenges and bottlenecks
- To facilitate the regular container block train operations on both corridors

Thank you!

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