



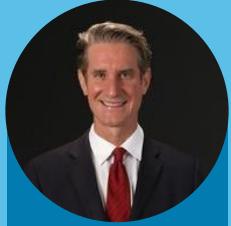
MARKET PLACE SEMINAR 2023

Shaping the Future of Multimodal Logistics Connecting the Regions

Istanbul, Türkiye
20-21 November 2023



Session 1: “New opportunities in Eurasian trade from a policy and investment perspectives”



Moderator : Matthew Bryza,
Former White House and Senior State Department
Official for Europe and Eurasia



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Senior Transport Specialist,
World Bank



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Policy Analyst & Transport
Modeller, ITF, OECD



Mr. Aleksandr Kuzmenko,
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Intergovernmental, OTIF



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WP.5 Secretary, UNECE



Mr. Gaidar Abdikerimov,
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Mr. Aziz Aksu,
Deputy Director General for EU
Affairs and Foreign Relations,
Ministry of Transport and
Infrastructure of the Republic of
Türkiye



Introduction

Northern Eurasian Corridor is a success

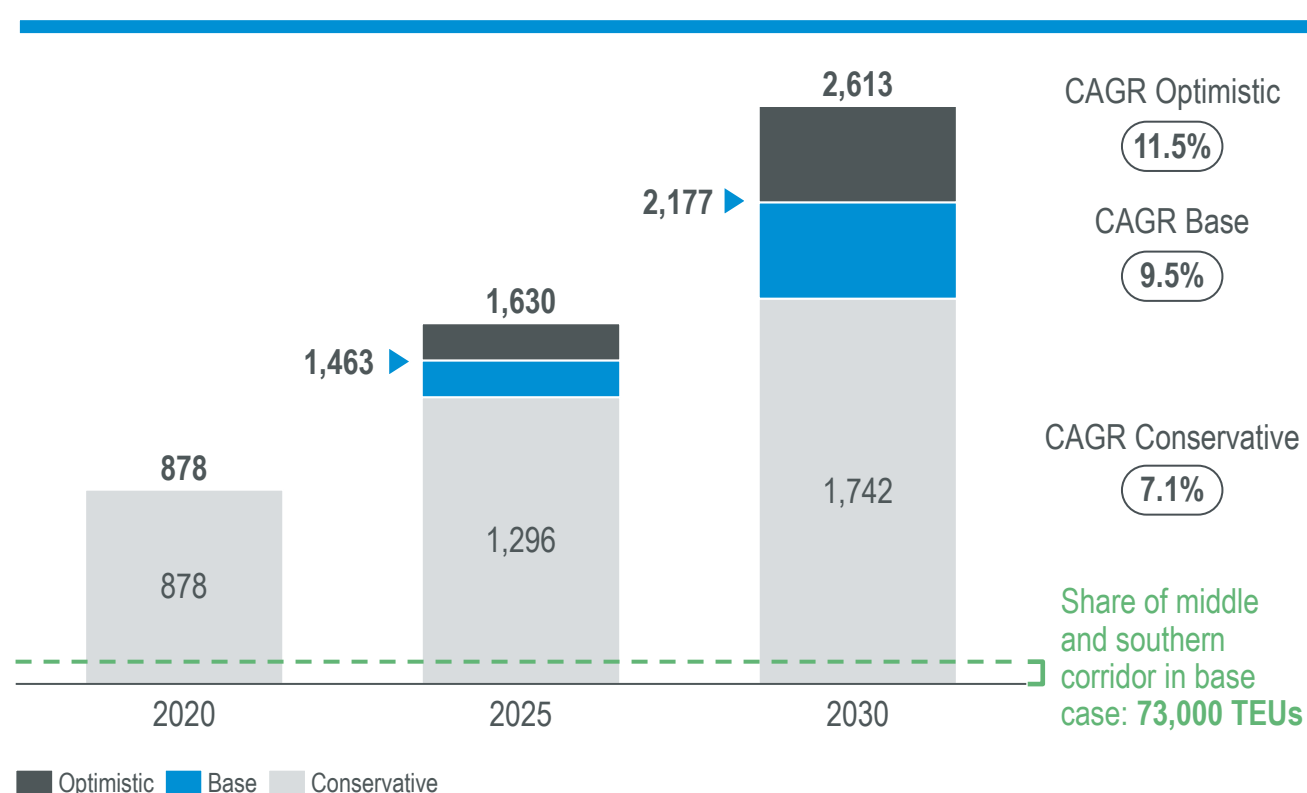
Geopolitical events triggered new dynamics

Potential for new corridors exist but challenges and opportunities are different

Pre-Ukraine/Russia conflict, the Eurasian Silk Road rail traffic was expected to continue to grow strongly, reaching 1.7-2.6 million TEUs by 2030

Rail transport volume forecast between Europe and Asia

Europe (excl. Russia) to Asia rail traffic ¹⁾ [in '000 TEUs]



Key take-aways and assumptions

Strong growth for Silk Road rail traffic

Although slower than previous years, the Eurasian Silk Road rail traffic is expected to continue growing strongly in the higher single digits, reaching approx. 2.2 m TEUs until 2030

Rail expected to be a stable alternative

Currently, rail has only a ~2% share of containerized traffic, experts expect the share to increase gradually over the years but will stabilize at ~4-6%, as there will always be goods that need the low cost of sea and the high speed of air. If the rail performance can be further improved without cost increase, an upside of up to 10% share is possible

Better filled containers as result of less imbalance

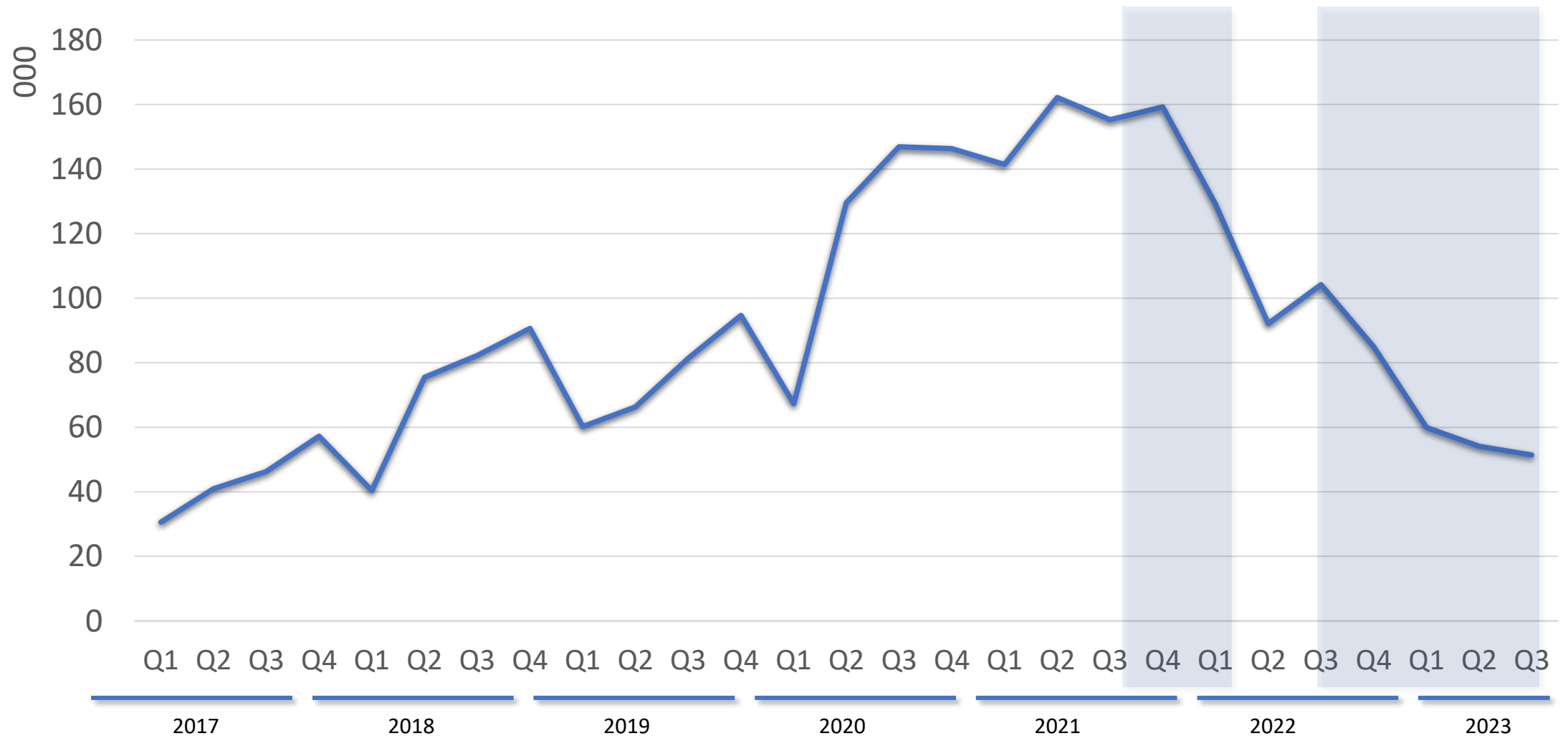
It is expected that the trade imbalance will improve as more freight will consider rail as a viable option. This leads to less empty and better filled containers

Southern route will grow, but remains minor

The southern and middle corridors can obtain more share based on trade flows within their natural catchment areas if they can become more competitive in performance – Even so they are likely to remain minor

1) Defined as EU28 (all European Union countries + UK) to Asia 5 (Kazakhstan, Mongolia, China, Japan, South Korea)

Geopolitical tensions impact Rail Freight volumes between Europe and China (TEU shipped Europe - China)

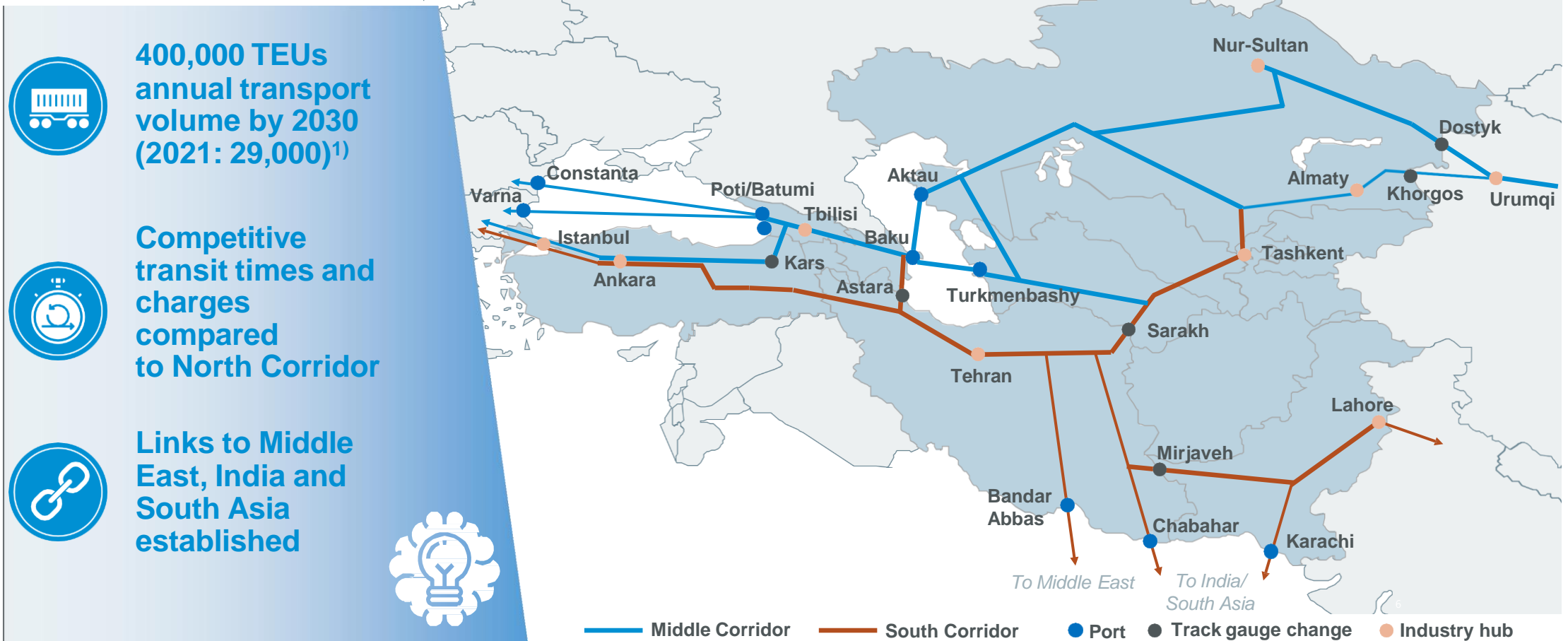


Source: ERAI index

Middle and South Corridor should be well established and commercially viable Eurasian links by 2030

Vision map 2030

Vision for rail freight



1) Combined volume for Middle and South Corridor

Central Asian rail freight is gaining momentum driven by demand increase for Middle Corridor

Overview of recent developments

1 Increased demand



- **C.20-40% reduction of North Corridor transit volumes** compared to 2021 with war sanctions against Russia in force, **gradual rebound** of volumes observed
- **Increase in demand for Middle Corridor** to diversify Eurasian transit options, however **volume impact limited** due to Middle Corridor capacity bottlenecks
- Pressure on global supply chains and Russian gas import ban creating **additional demand inroads for rail freight** in CA

2 Ambitious policies



- Several CA countries with **comprehensive national rail freight strategies** introduced in recent years
- Esp. Türkiye with **ambitious plan to expand rail modal share**, increasingly attracting international suppliers and operators as new growth market
- TITR, TRACECA, CAREC and other organizations supporting regional rail network development, **significant capacity and service quality challenges remain**

3 Challenging projects



- Several **major infrastructure projects** currently with **indefinite planning horizon**, e.g., expansion of Baku port, new deep-sea port in Georgia and completion of AZE-IRN link
- **Increased demand for Middle Corridor services** seen as accelerator for public investment
- Gradual **progress regarding consistent application of CIM/SMGS** consignment notes on Middle Corridor, operational challenges remain

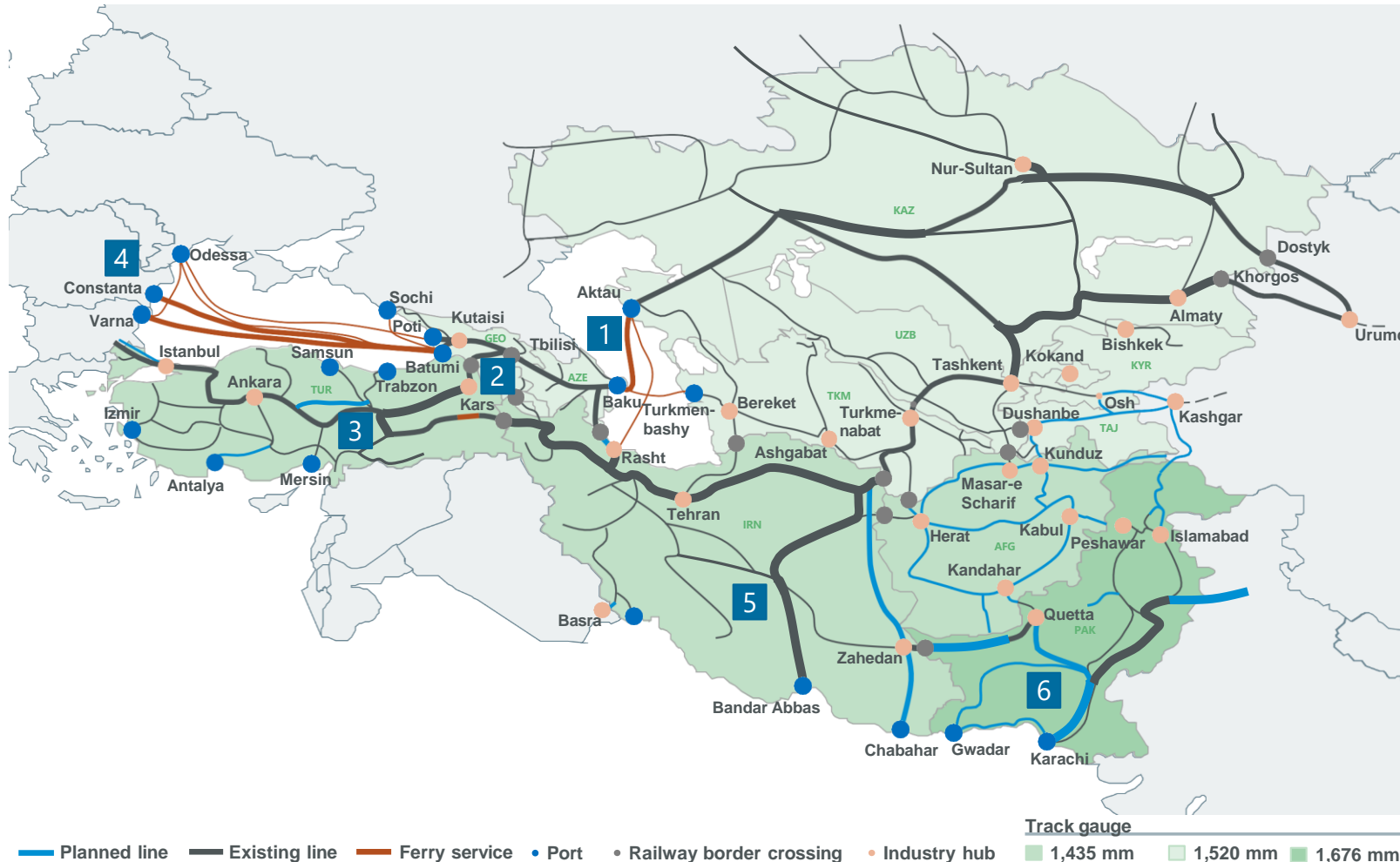
4 New service offerings



- **New ferry services** introduced at Caspian Sea and Black Sea
- Selected operators with **new rail services across Middle Corridor**, e.g., ADY, Maersk, further operators announced intention to enter Middle Corridor
- **Price levels** for Middle Corridor remain **significantly higher** than North Corridor
- Actual transit times for current Middle Corridor services vary between 30-60 days, **containerization rate remains low**

Existing rail network as basis for development, focus on modernization and capacity expansion

Central Asia target rail freight network

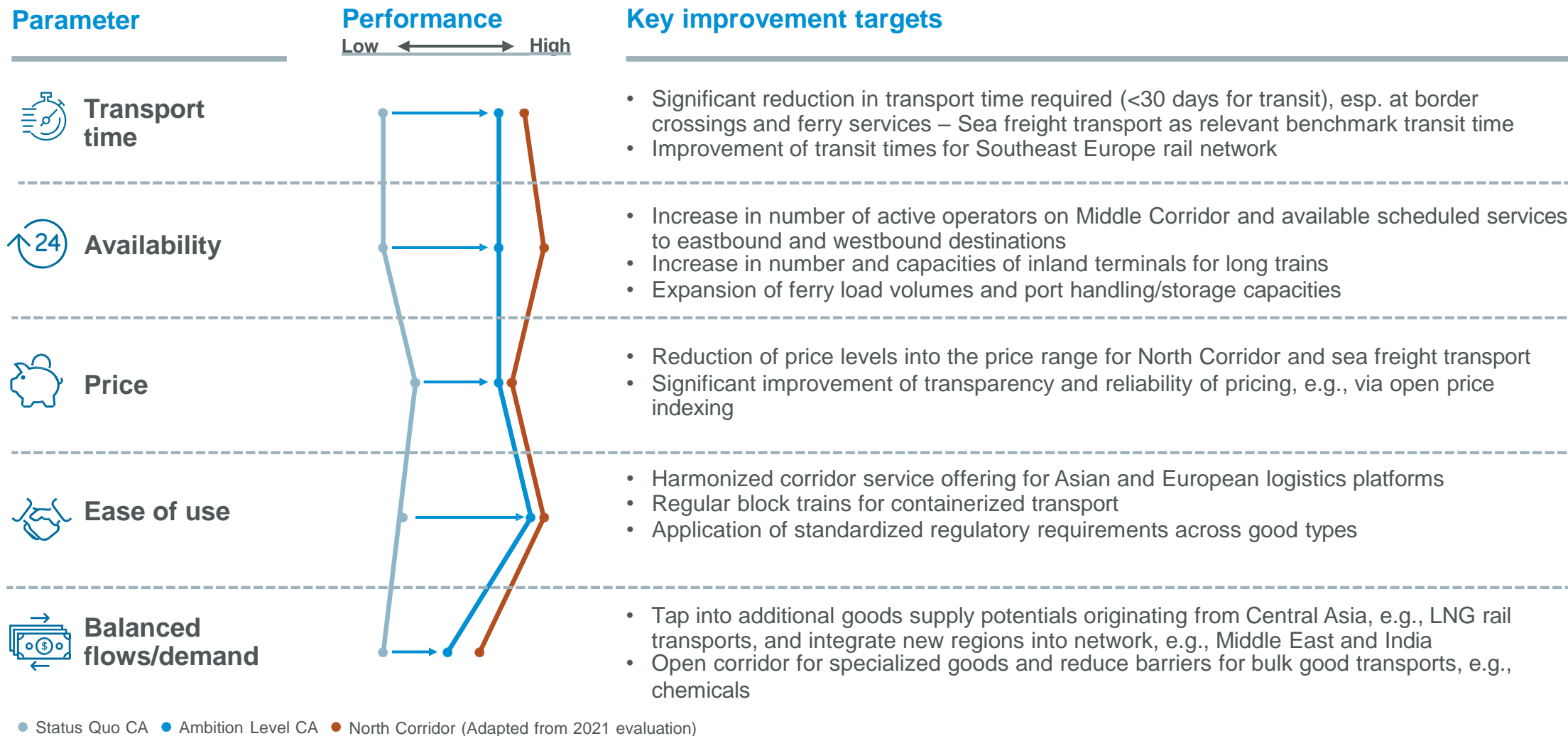


Key areas of network development

- 1 Expansion of Caspian Sea connection**
 E.g., expanding Alat port and ferry capacities and intermodal connectivity
- 2 Caucasus and Black Sea connectivity improvement**
 E.g., inland rail terminals with long train capacity and deep-sea port for Black Sea
- 3 Türkiye network expansion and modernization**
 E.g., new inland and port rail terminals, track electrification, BTK capacity increase
- 4 Southeast Europe network and terminals modernization**
 E.g., port terminal expansion, new double track lines, improved signaling
- 5 Iran connectivity and capacity improvement**
 E.g., finalization Astana-Rasht link, terminal expansion at TUR and TKM border
- 6 New Iran – Central Asia/India transit corridors**
 E.g., building land bridge to IND via PAK, integrating South Asia via port connections

To achieve target state development goals, addressing of gaps in service offering necessary

Central Asia rail freight target service offering



● Status Quo CA ● Ambition Level CA ● North Corridor (Adapted from 2021 evaluation)

Rail poised for strong expansion in ME – Lighthouse projects with attractive demand potential

Overview of recent developments

1 Growing demand



- **Current demand limited to public customers** in selected commodities, e.g., sulfur
- **Rail still with minor role** vis-à-vis truck, pipeline and sea transportation due to lack of established rail networks, modal share of rail freight <1%¹⁾
- **Commercial demand for rail freight is increasing**, especially for intermodal connections to ports in Gulf region
- **Increasing focus on sustainable transport** as key driver of further rail demand

2 Ambitious policies



- **Extensive national railway development plans** in several ME countries, e.g., "Saudi Vision 2030 for Rail", "Jordan Rail Strategy 2025" and "Iran Network Vision 2036"
- **GCC countries with agreement to significantly increase rail share** to boost regional trade and fight climate change
- **International collaboration and private partner involvement** with growing importance for rail freight development, e.g., Etihad and DB collaboration

3 Progress on lighthouse projects



- **Operationalization of GCC railway** as most significant railway project in the region – UAE-KSA link expected to open in 2023
- **East-West KSA link** as focus project under Vision 2030 strategy
- Current projects face **challenge of having to create new infrastructure from scratch**, increasing costs and complexity
- **Progress** on rail infrastructure projects **varies significantly between countries**

4 Expansion of services



- Only **few operational services established**, no private operators currently active
- Mostly **specialized service offerings** for one major customer and high degree of individualization
- **Cross-border networks not yet operational**, expected to be bolstered by GCC railway
- **Increasing focus on connecting rail services to port terminals** to tap into major trade flows for ME region

1) Except for TUR and IRN

Target state ME network connects rail to major North-South and East-West trade lanes

Middle East target state rail freight network









Key areas of network development

- 1 Completion of GCC rail connection**
 Key for connection of Persian Gulf ports to inland rail and establishing cross-border freight transport
- 2 East-West railway network for Saudi-Arabia**
 Esp. Dammam-Riyadh-Jeddah relevant to increase modal competitiveness of rail vis-à-vis road and short sea transport
- 3 New construction of Jordan rail network**
 Jordan currently with only very limited rail operations, new network required to revitalize national rail freight transport
- 4 Rebuilding of Iraq rail network and connection to Iran**
 Esp. oil regions in North/East Iraq cut off from rail network, connection with Iran as potential transit corridor for Gulf rail freight
- 5 New construction of Oman rail network**
 Oman currently without rail operations, however comprehensive plan for national rail network exists

International organizations play an important role in the development of rail freight in Central Asia

Overview of selected rail-related international organizations

	Black Sea Economic Cooperation	Central Asian Regional Economic Cooperation Program	Organisation for Cooperation Between Railways	Trans-Caspian International Transport Route	Transport Corridor Europe Caucasus Asia	United Nations Economic Commission for Europe
Members	 <p>National ministries for economy</p>	 <p>National ministries for economy and 7 development financing partners, incl. Asian Development Bank, IMF, World Bank</p>	 <p>National transport ministries, railways and 51 affiliated commercial enterprises (primarily rail freight operators)</p>	 <p>Further members incl. port and rail operators</p>	 <p>National transport ministries</p>	 <p>UN secretariat, national government officials and advisors from 56 member countries in Europe, Asia and North America</p>
Description	<ul style="list-style-type: none"> Association to foster regional collaboration across wide range of economic activities Support for intermodal transport development in early stages, focus mostly on road and sea transport Activity focus on organization of working groups 	<ul style="list-style-type: none"> Program to advance multimodal transportation corridors in Central Asia, six corridors in development Focus on facilitating access to financing, project knowledge sharing, customs process cooperation Development banks as key partners (e.g., ADB, IsDB) 	<ul style="list-style-type: none"> Association to support Europe-Asia rail transport (north, middle corridors) Focus on network expansion coordination, legal harmonization and interoperability facilitation Comprehensive railway network statistics and project reports 	<ul style="list-style-type: none"> Association to establish and facilitate Silk Road rail freight services via Caspian route Supported "Nomad Express" service launch in 2016 Coordination of interactions between public and private sector partners to improve operability 	<ul style="list-style-type: none"> Program for the development of multimodal transport corridors between Central Asia and Europe Rail transport master plan 2026 as action plan guideline for members Close cooperation with EU development funds, esp. in 2000s and 2010s 	<ul style="list-style-type: none"> UN regional commission, conducts initiatives across broad range of economic fields, rail focus esp. TER network development In 2010s strong involvement in Middle Corridor via Euro-Asian trade link initiative (EATL) Mainly operating via working groups

FIATA-UIC Market Place Seminar
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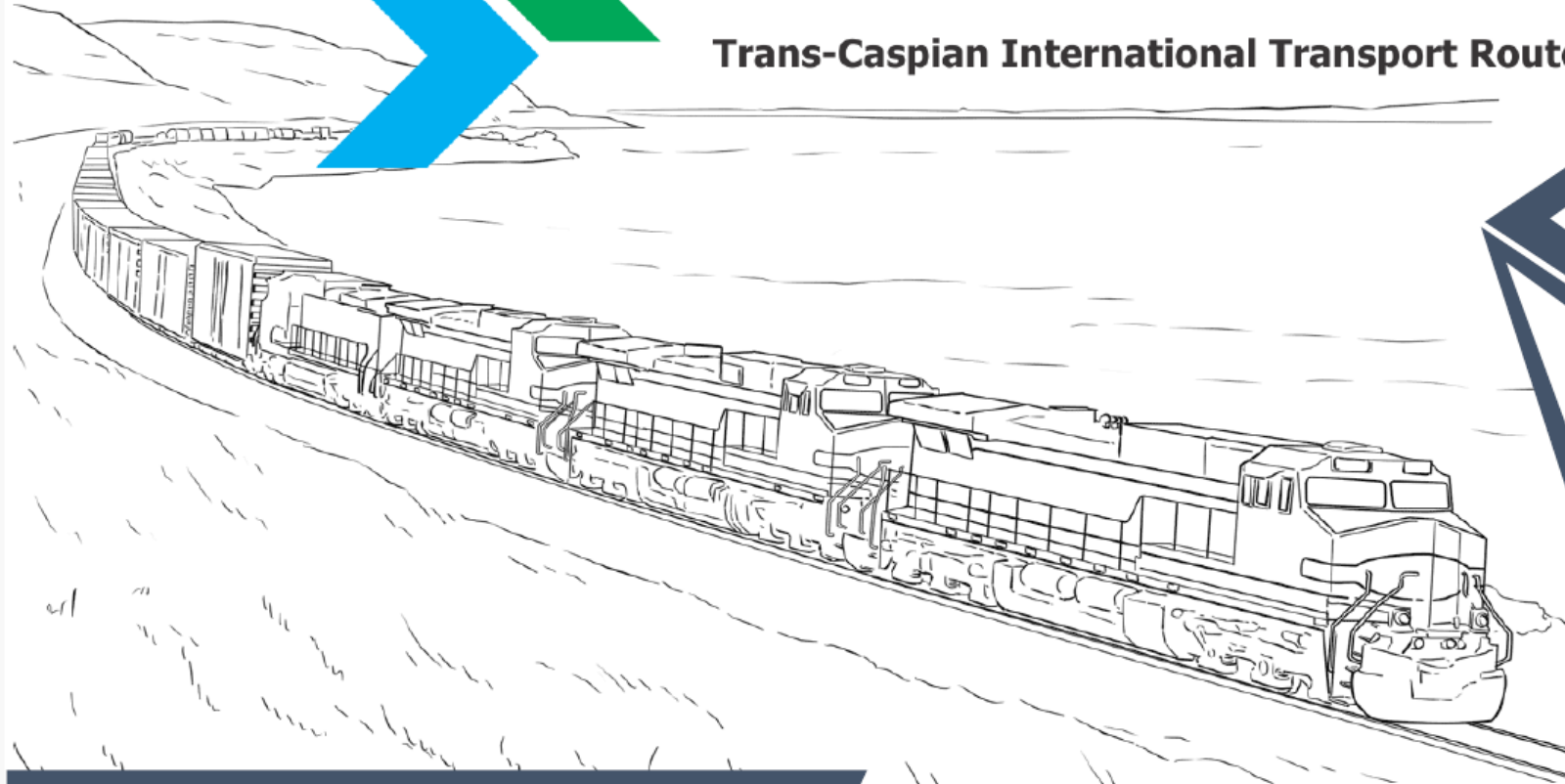


INTERNATIONAL UNION
OF RAILWAYS



Middle Corridor

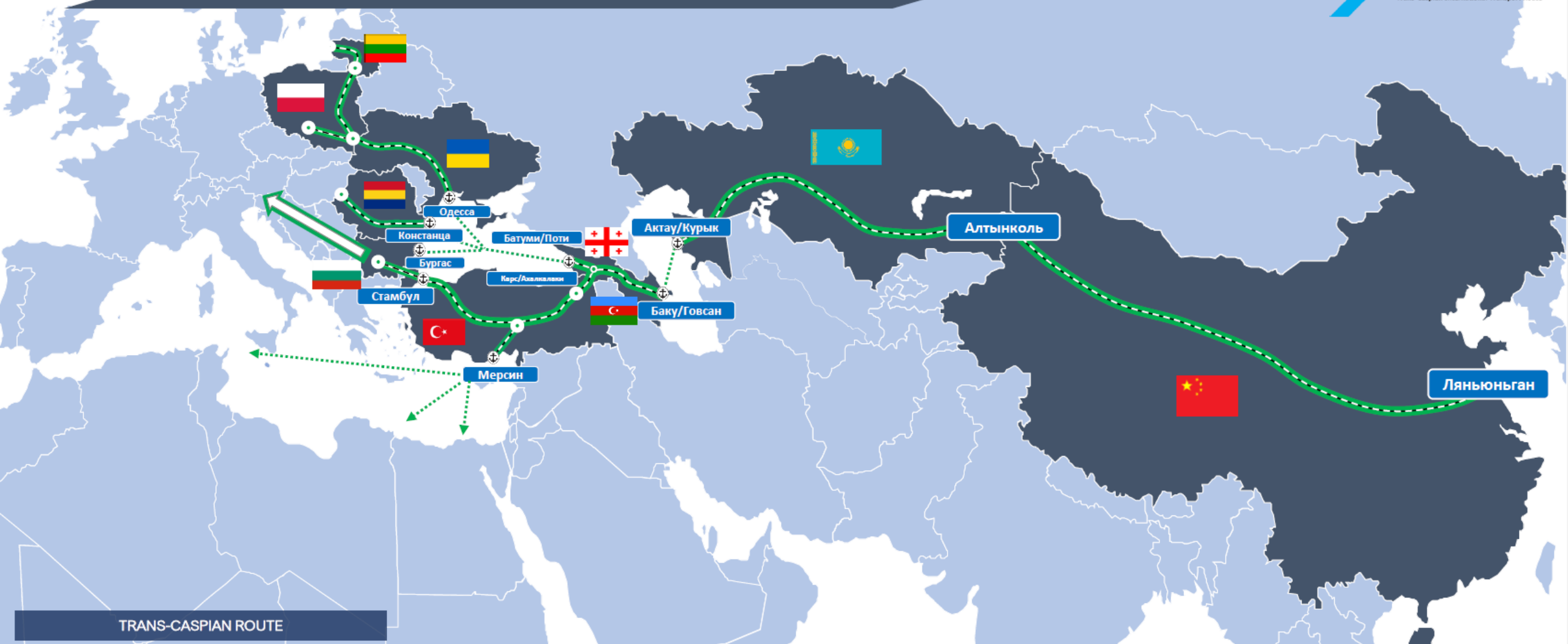
Trans-Caspian International Transport Route



2023

International Association "Trans-Caspian International
Transport Route"

TRANS-CASPIAN INTERNATIONAL TRANSPORT ROUTE



TRANS-CASPIAN ROUTE

Lianyungang (PRC) - Aktau/Quryq (Kazakhstan) – Azerbaijan – Georgia – Turkey/ Ukraine/ Poland/ Romania/ Italy/ other EU countries

9,400 –
11,000 km

13-23 days

SEA ROUTE

Lianyungang (PRC) - Suez (Egypt) - Istanbul (Turkey)

16,400 km

35-45 days

The international association “Trans-Caspian International Transport Route” was founded in **January 2017**. During this time, **25 infrastructure and logistics companies from 11 countries of the world** became members of the association, thereby forming a synergy of logistics infrastructure along the entire route.

TITR infrastructure



7 railways
10 seaports and terminals
2 shipping companies



MEMBERS OF THE INTERNATIONAL ASSOCIATION "TITR"

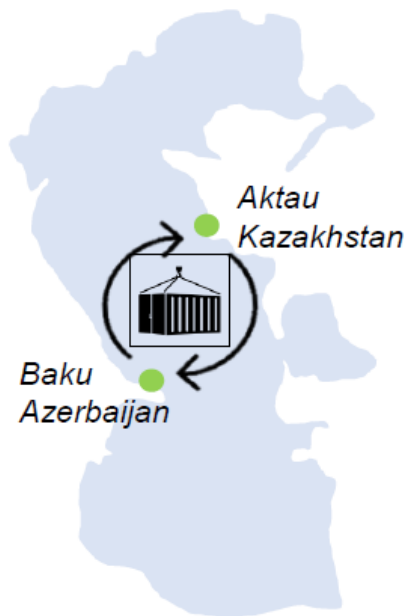


Regular members

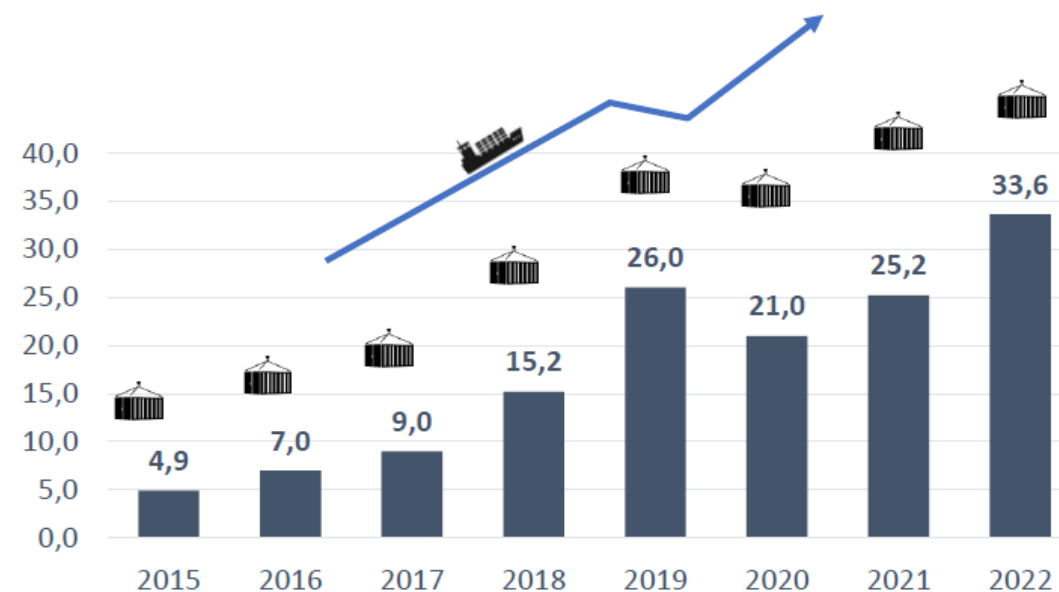


Associate members





In 2019, a regular **feeder service** was launched in the direction Aktau port - Baku port - Aktau port. Regular feeder service helps to increase cargo flow along the TITR and further develop cargo containerization in the Caspian region.



DYNAMICS OF CONTAINER TRANSPORTATION FOR 2015 -2022, THOUSAND TEU



Launch of a regular container **“shuttle train”** from Altynkol station (December 2, 2022). Regular shuttle trains run strictly according to the established schedule and firm schedule, on Mondays, Wednesdays and Fridays along the route Altynkol station - Aktau port - Baku port - Poti/Batumi port and Akhalkalaki station (Georgia).

The delivery time for trains from Altynkol station to the ports of Poti and Batumi is 11-13 days.

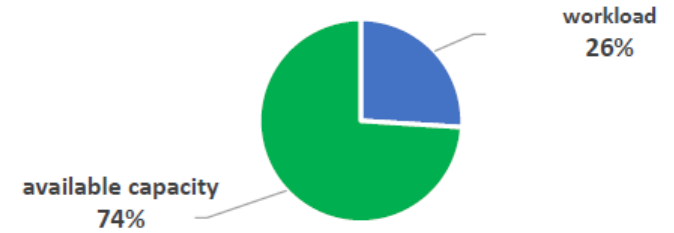
THE VOLUME OF CARGO TRANSPORTATION ALONG THE TITR AND ITS LOAD LEVEL FOR 2022-2023:

Total transported in 2022:



1 485 thousand tons

while the total capacity of the route is 5,780 thousand tons

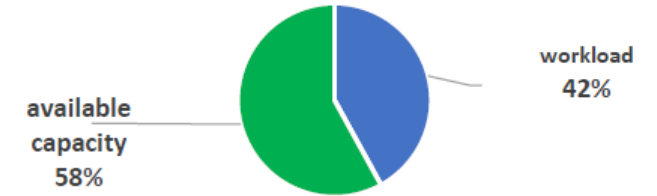


Container transportation in 2022:



33,6 thousand TEU

the route's capacity in containers is 80 thousand TEU



Total transported in 10 months. 2023:



2 256,3 thousand tons

while the total capacity of the route is 5,780 thousand tons



Container transportation for 10 months. 2023:



16,7 thousand TEU

the route's capacity in containers is 80 thousand TEU



Reducing delivery times
by 2-3 times


Reducing delivery times
by 30-50%


Summer 2022 deadlines

38-53
days

from China to
Poti/Batumi/Akhalkalaki

 3 days

 12 days

 23-38 days



Deadlines now

19-23
days

from China to
Poti/Batumi/Akhalkalaki

 3 days

 6 days

 10-14 days




Goal for 2024

14-18
days

from China to
Poti/Batumi/Akhalkalaki

 3 days

 5 days

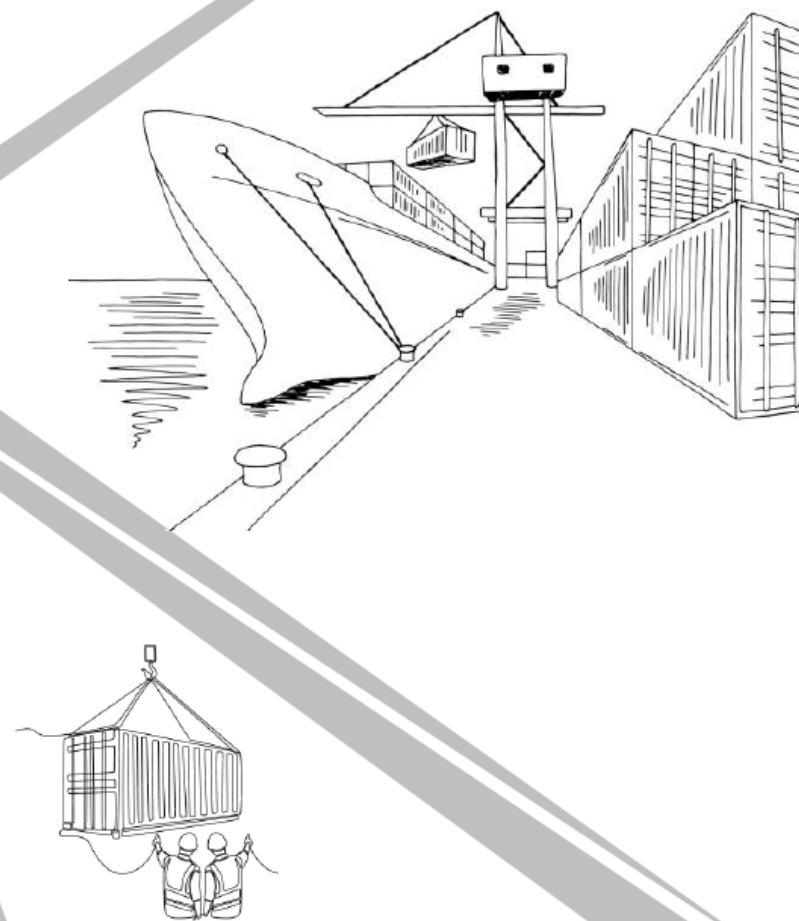
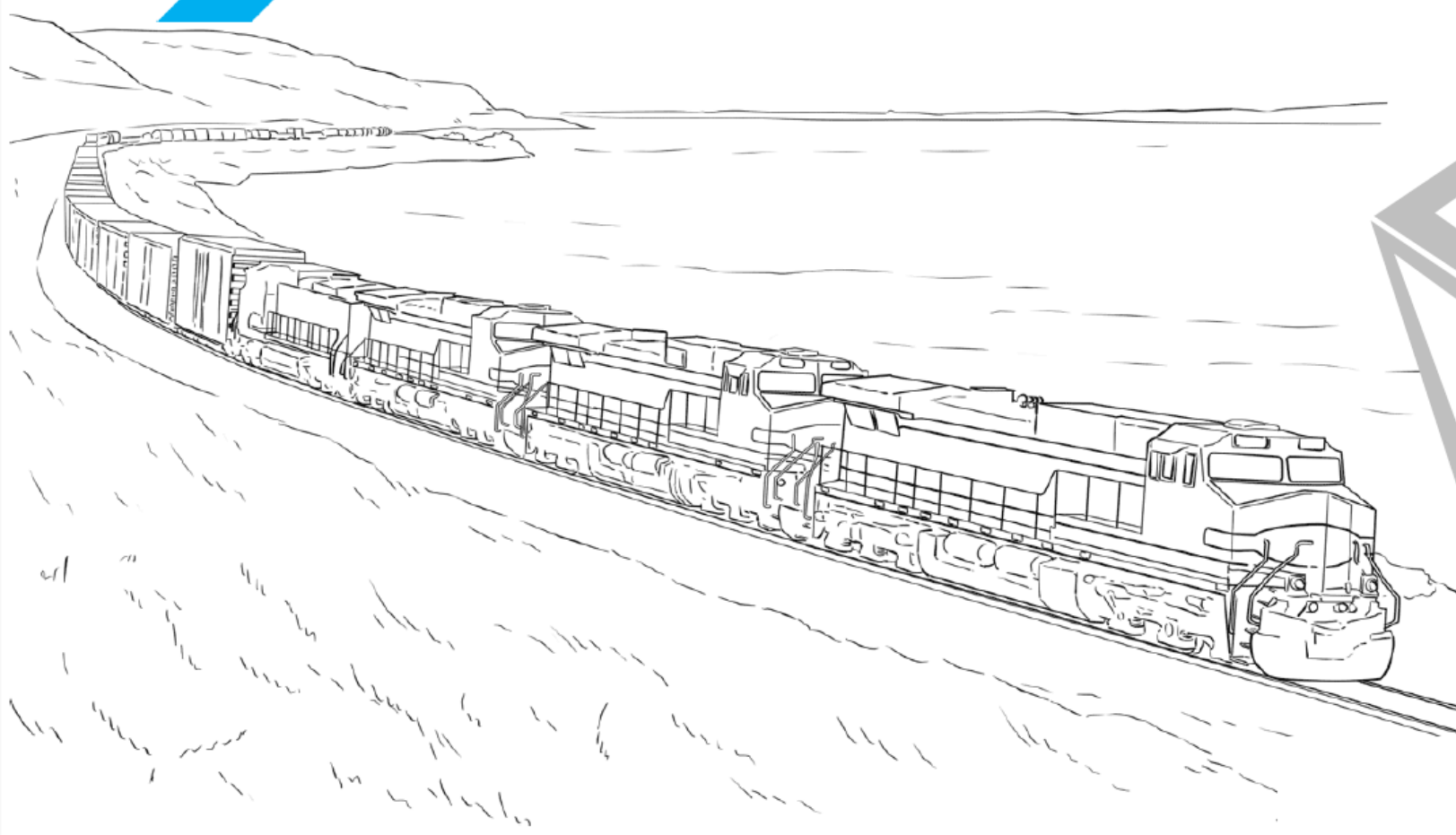
 6-10 days



At the moment, cargo transportation along the route Altynkol - Georgian ports is carried out in 19-23 days, which is 2-3 times faster than it was in the summer of 2022



Thank you for your attention!



MIDDLE TRADE AND TRANSPORT CORRIDOR

POLICIES AND INVESTMENTS TO TRIPLE
VOLUMES AND HALVE TRAVEL TIMES BY 2030

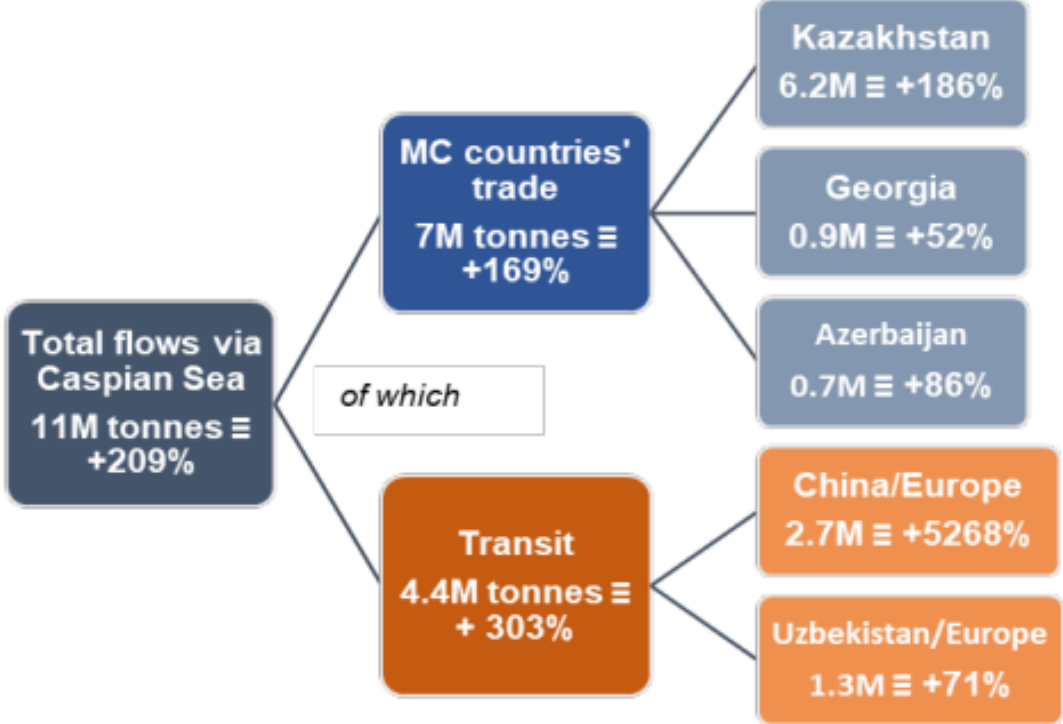


WORLD BANK GROUP
Transport

Andrew Losos
Senior Transport Specialist
Europe and Central Asia Region
Ankara, Türkiye

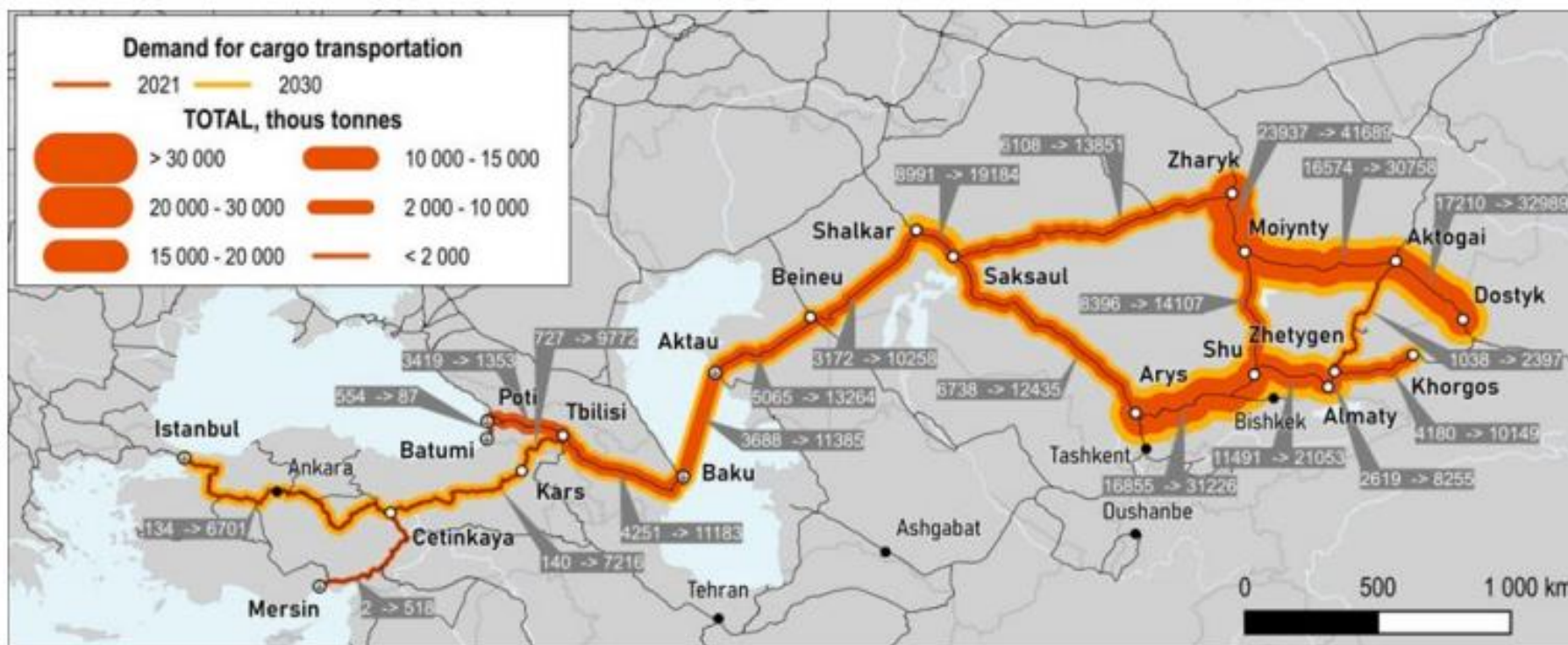
20 November 2023

Projected volume growth



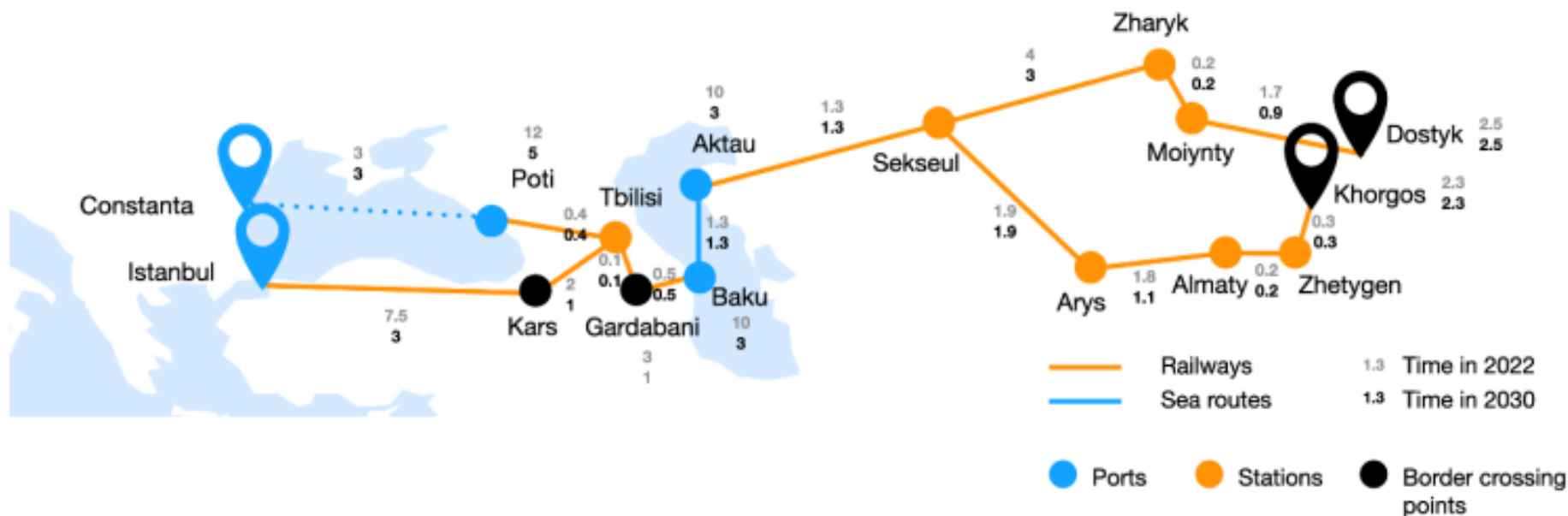
Source: own calculations based on the simplified trade&transport modelling in InfraForecast software. Notes: ≡ means equivalent to percent increase from 2021 to 2030.

Spatial distribution of flows



Notes: The thickness of the bright orange line represents the combined volume of import-export and transit shipments along that MC segment in 2021. The thickness of the yellow border is proportional to the projected volume of transportation in 2030. The gray labeling indicates specific shipment volumes in thousands of tonnes for both 2021 and 2030.

Reductions in travel time



Source: compiled by authors based on the official national documents and investment programs of national railways and ports. Notes: This figure excludes extreme peak values (outliers) for 2022.

Immediate actions – “quick wins”

	Kazakhstan	Azerbaijan	Georgia
Across the transport chain	<p>Ensure transparency and predictability of final transport prices.</p> <p>Provide traceability of cargo movement.</p> <p>Ensure a feasible transition to electronic documents applicable to both railway and Caspian Sea.</p> <p>Foster cargo consolidation, shift to rail and improve east-west traffic balance through creation of logistics hubs.</p>		
Ports and maritime	<p>Decrease dwell time, review port closure parameters.</p> <p>Raise container shipping capacity on Aktau-Baku route.</p> <p>Reduce shipping rates and port tariffs for containers.</p> <p>Ensure non-discriminatory access to port services for all market players.</p>	<p>Decrease dwell time, improve ship-to-shore handling operations.</p> <p>Raise container shipping capacity on Baku-Aktau route.</p> <p>Reduce shipping rates and port tariffs for containers.</p>	<p>Improve port-rail/road operations, improve navigation channel.</p> <p>Reduce port tariffs for containers (currently the highest tariffs in the whole Black Sea).</p>
Railways and BCPs	<p>Ensure availability of rolling stock, improve shunting operations.</p>	<p>Ensure availability of rolling stock, in particular on Georgia/Azerbaijan BCP, improve road and port transshipment.</p>	

Thank you

Andrew Losos

alosos@worldbank.org

ITF / OECD

Mr Yaroslav Kholodov

Economic development and new initiatives in the
central asian region
(video intervention)

UNECE support for Euro-Asian transport corridor development

Mr. Roel Janssens, Secretary

Working Party on Transport Trends and
Economics (WP.5)
Sustainable Transport Division

Istanbul/ Türkiye – 20 November 2023



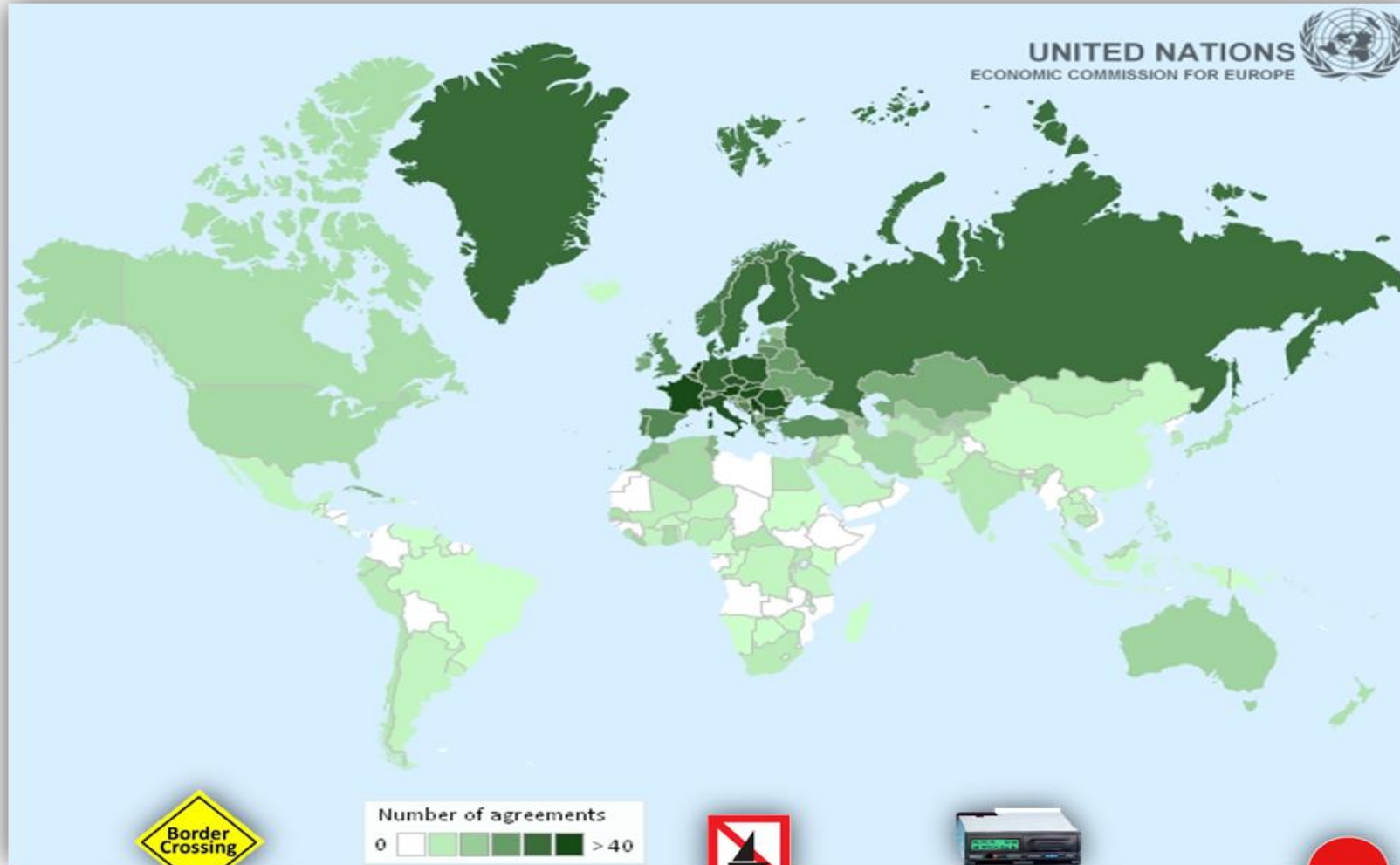
UNECE Inland Transport Committee


UNECE

TIR

 Global Customs
facilitation tool

 Contract for the
International Carriage
of Goods by Road

 Convention on
Road Traffic

 Harmonization of
Frontier Controls of
Goods

 European Code
for Inland
Waterways

 Work of Crews of Vehicles
engaged in International
Road Transport / Digital
Tachograph

 Convention on Road
Signs and Signals

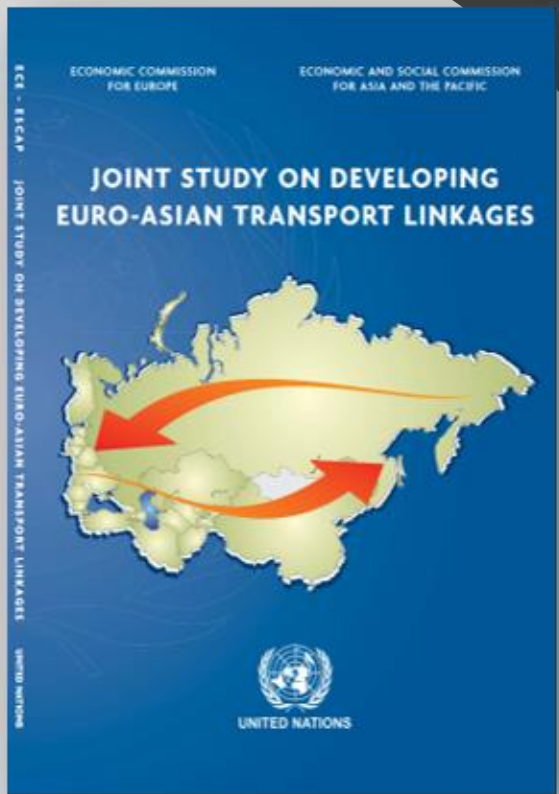
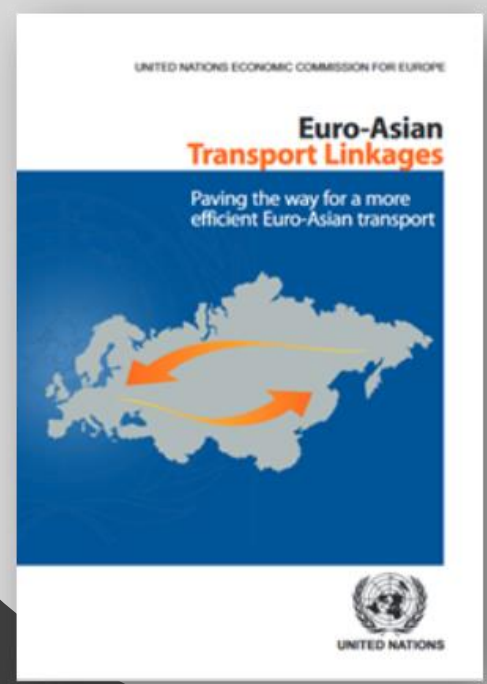
 World Forum for
Harmonization of Vehicle
Regulations (WP 29)

 International Carriage
of Dangerous Goods by
Inland Waterways

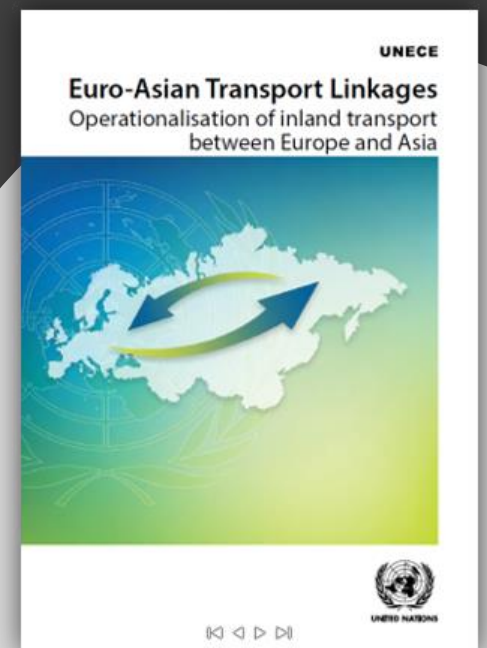
 Carriage of
Perishable Foodstuffs

 International
Carriage of
Dangerous Goods
by Road

 Infrastructure Agreements
for roads (AGR), Rail (AGC),
Inland Water Transport
(AGN), Intermodal
Transport (AGTC)



Euro-Asian inland transport – 9 rail and road corridors

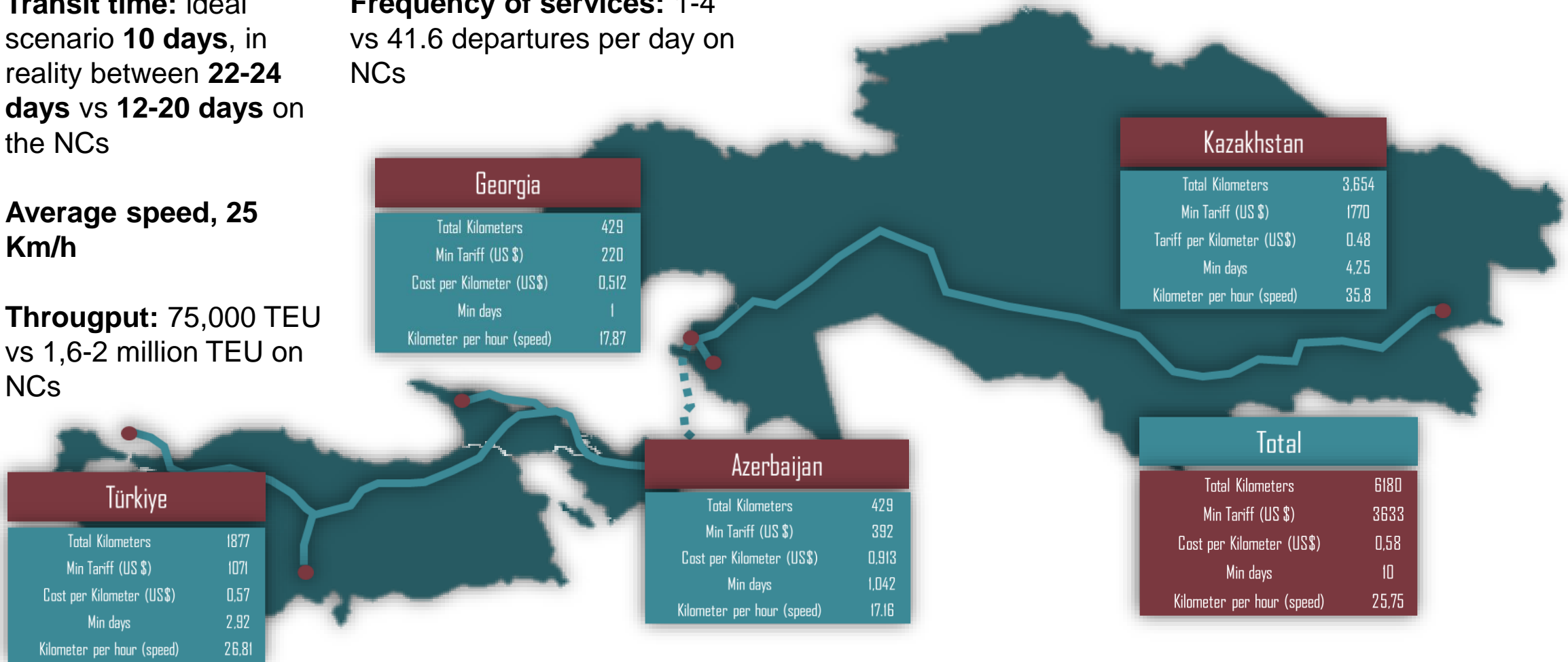


Trans-Caspian Corridor

Increased volumes but high level of fragmentation

- **Transit time:** ideal scenario **10 days**, in reality between **22-24 days** vs **12-20 days** on the NCs
- **Average speed, 25 Km/h**
- **Througput:** 75,000 TEU vs 1,6-2 million TEU on NCs

Frequency of services: 1-4 vs 41.6 departures per day on NCs



UNECE support for corridor management

Coordination Committee on Trans-Caspian and Almaty-Tehran-Istanbul
Corridors/ Friends of the WP.5 Chair



Economic Cooperation
Organization



UNECE



ECE-ECO Coordination Committee – Terms of Reference (ToRs)



- **Full name:** Economic Commission for Europe (ECE)/ Economic Cooperation Organization Coordination Committee on the Trans-Caspian and Almaty-Tehran-Istanbul Corridors (as per the WP.5 mandate)/ **Abbreviation** (for internal purposes): CC
- **Mission statement:** *“To untap the full potential of the corridors enabling economically viable, environmentally sound, interoperable, and resilient multimodal inland transport corridors between Europe and Asia”*
- **Main scope:**
 - Intercontinental rail freight and intermodal operations, in light of its long-distance potential
 - Road transport in terms of last mile connectivity and to connect adjacent countries that are not on the main rail freight axes

ECE-ECO Coordination Committee –

Five Thematic Priorities



- A. Evaluation and prioritization of **transport infrastructure construction and renewal requirements**
- B. Digitalization and standardization of **transport documents** in use on the corridors (uni- vs. multi-modal)
- C. Evaluation of the availability of reliable corridor-wide agreed timetables and tariffs
- D. Evaluation of **en-route border crossing efficiency** on both corridors
- E. Strengthening the **economic viability and resilience** as well as environmental performance of the corridors

UNECE support for corridor digitalization

Towards a fully digital Trans-Caspian corridor



Development, hosting and interconnection with national customs systems of eTIR International System
www.etir.org



Development of the International Transport Infrastructure Observatory, a multi-stakeholder, web-based GIS platform which hosts data on a large variety of transport infrastructure networks and nodes across different modes www.itio-gis.org



Development of the observatory on border crossings status due to COVID 19



Group of experts on the operationalization of eCMR protocol to the CMR Convention



Sustainable Transport Connectivity Indicators tool
www.sitcin.org



Digitalization in cooperation with FIA of the temporary importation conventions for both private and commercial vehicles by digitalizing the carnet de passage <https://carnetdepassage.org/>

Ministry of Transport and Infrastructure of the Republic of Türkiye

Mr. Aziz Aksu, Deputy Director General for EU
Affairs and Foreign



OTIF and COTIF

FIATA-UIC Market Place Seminar (20-21 November 2023, Istanbul, Türkiye)



The Organisation and the Convention

OTIF and COTIF: Key Facts



THE ORGANISATION

Intergovernmental Organisation for International Carriage by Rail

50 | MEMBER STATES
+1 ASSOCIATE MEMBER

3 WORKING LANGUAGES : FR/DE/EN



HEADQUARTERS: Berne, Switzerland 

COTIF THE CONVENTION

COTIF Convention concerning International Carriage by Rail
1999

1st | INTERNATIONAL
TRANSPORT CONVENTION

ENTERED INTO FORCE IN **1893**

COTIF IS APPLIED ON **270,000 KM** OF RAILWAY LINES

2011 |  ACCEDED TO **COTIF**



The Organisation and the Convention

Uniform railway law: seven (eight) Appendices to COTIF

APPENDIX A | CIV | Uniform Rules concerning the Contract of International Carriage of Passengers by Rail

APPENDIX B | CIM | Uniform Rules concerning the Contract of International Carriage of Goods by Rail

APPENDIX C | RID | Regulation concerning the International Carriage of Dangerous Goods by Rail

APPENDIX D | CUV | Uniform Rules concerning Contracts of Use of Vehicles in International Rail Traffic

APPENDIX E | CUI | Uniform Rules concerning the Contract of Use of Infrastructure in International Rail Traffic

APPENDIX F | APTU | Uniform Rules concerning the Validation of Technical Standards and the Adoption of Uniform Technical Prescriptions applicable to Railway Material intended to be used in International Traffic

APPENDIX G | ATMF | Uniform Rules concerning the Technical Admission of Railway Material used in International Traffic

APPENDIX H | EST | Uniform Rules concerning the Safe Operation of Trains in International Traffic



The Organisation and the Convention

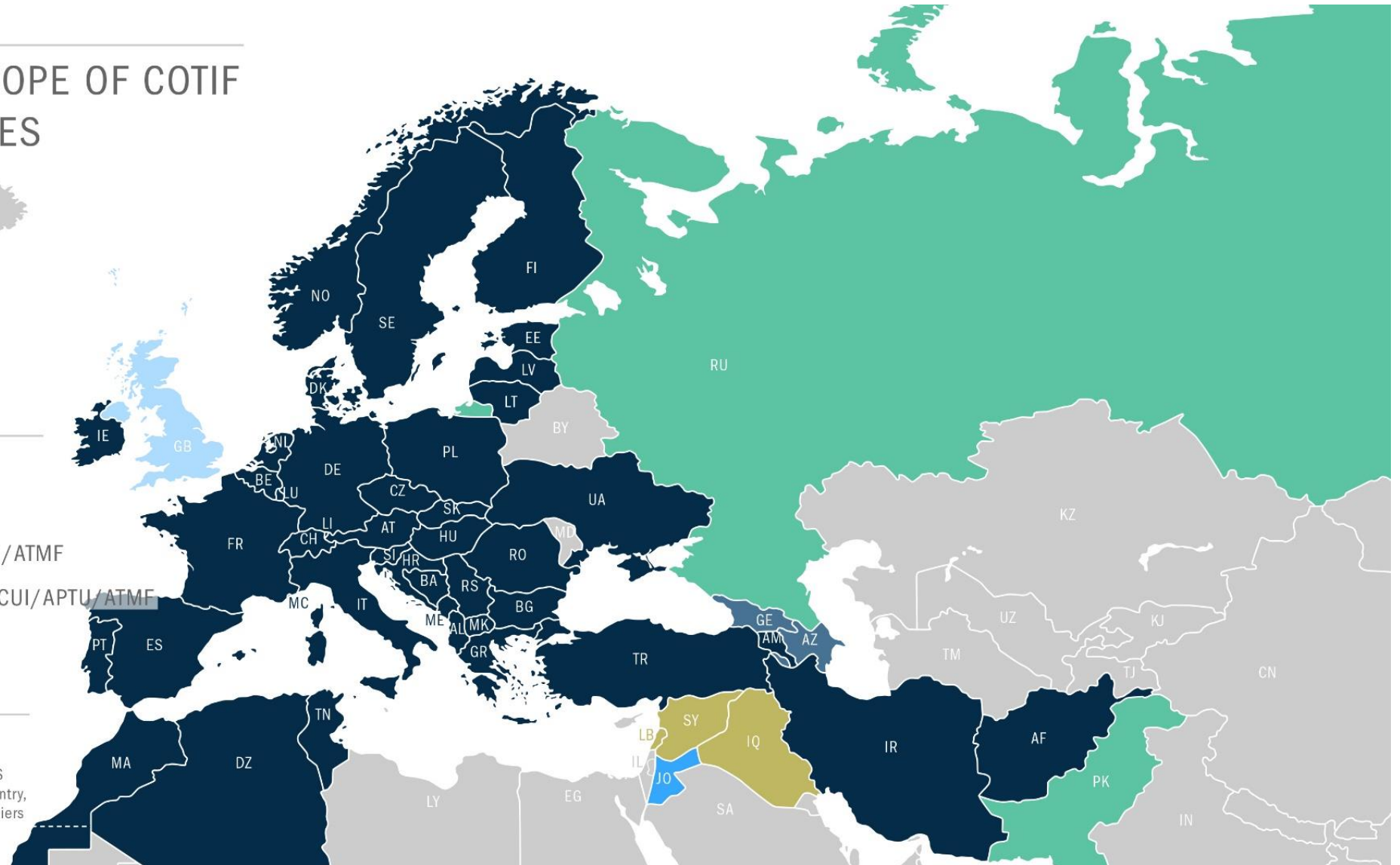
GEOGRAPHICAL SCOPE OF COTIF AND ITS APPENDICES

SITUATION ON
1 MAY 2019

-  All COTIF Appendices
-  COTIF Without CUI
-  COTIF Without CUV/CUI/APTU/ATMF
-  COTIF Without CIV/RID/CUV/CUI/APTU/ATMF
-  Associate Members
-  Membership suspended

The boundaries and names shown and the designations used on this map do not imply the expression of any opinion on the part of OTIF'S Secretariat concerning any legal status of any country, territory, or concerning the delimitation of its frontiers

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CIM UR: Uniform Railway Contract Law

A single international contract and uniform liability

• International carriage of passengers can be organised on the basis of:

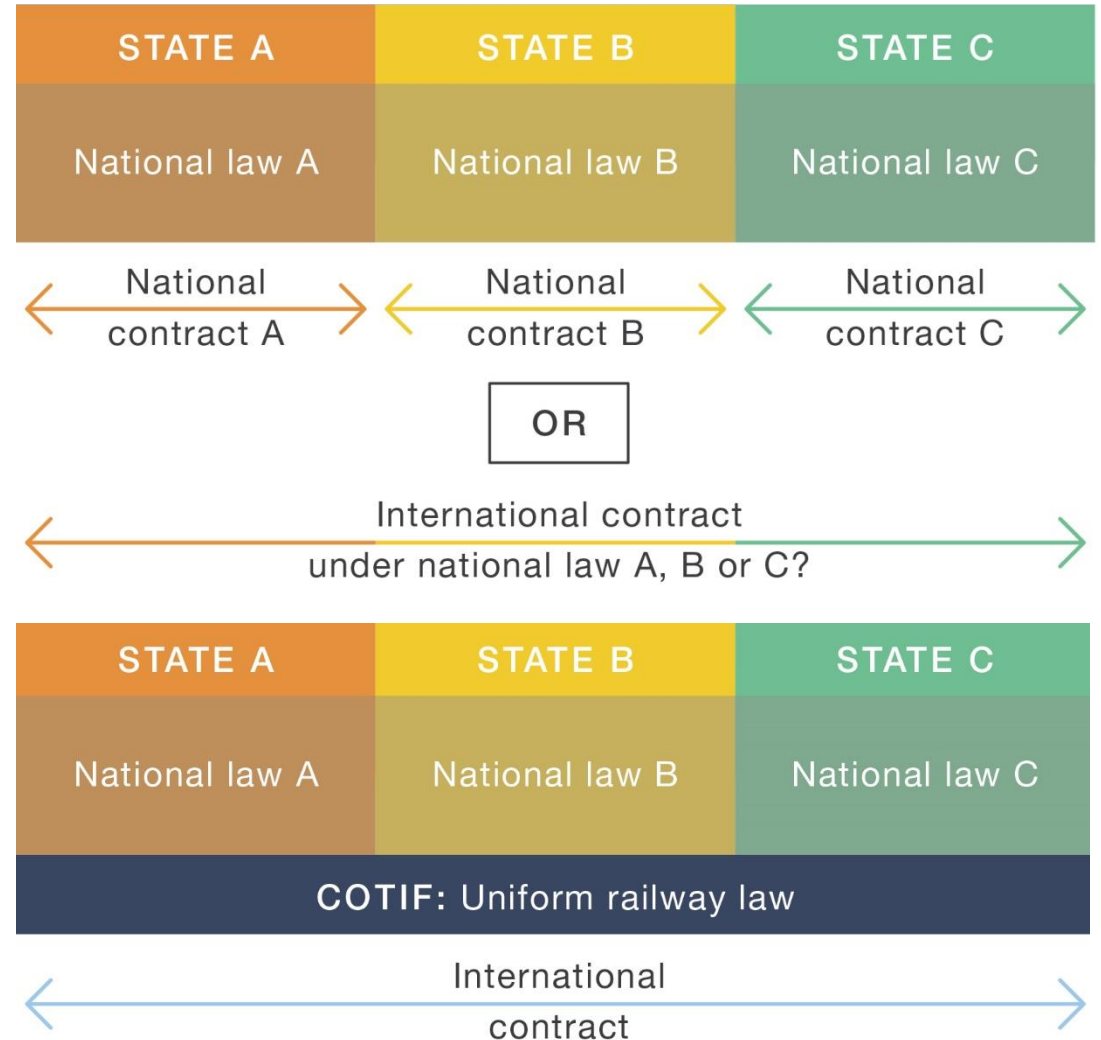
• **successive national contracts under national laws;**

or

• **an international contract under the national law of a particular state;**

or

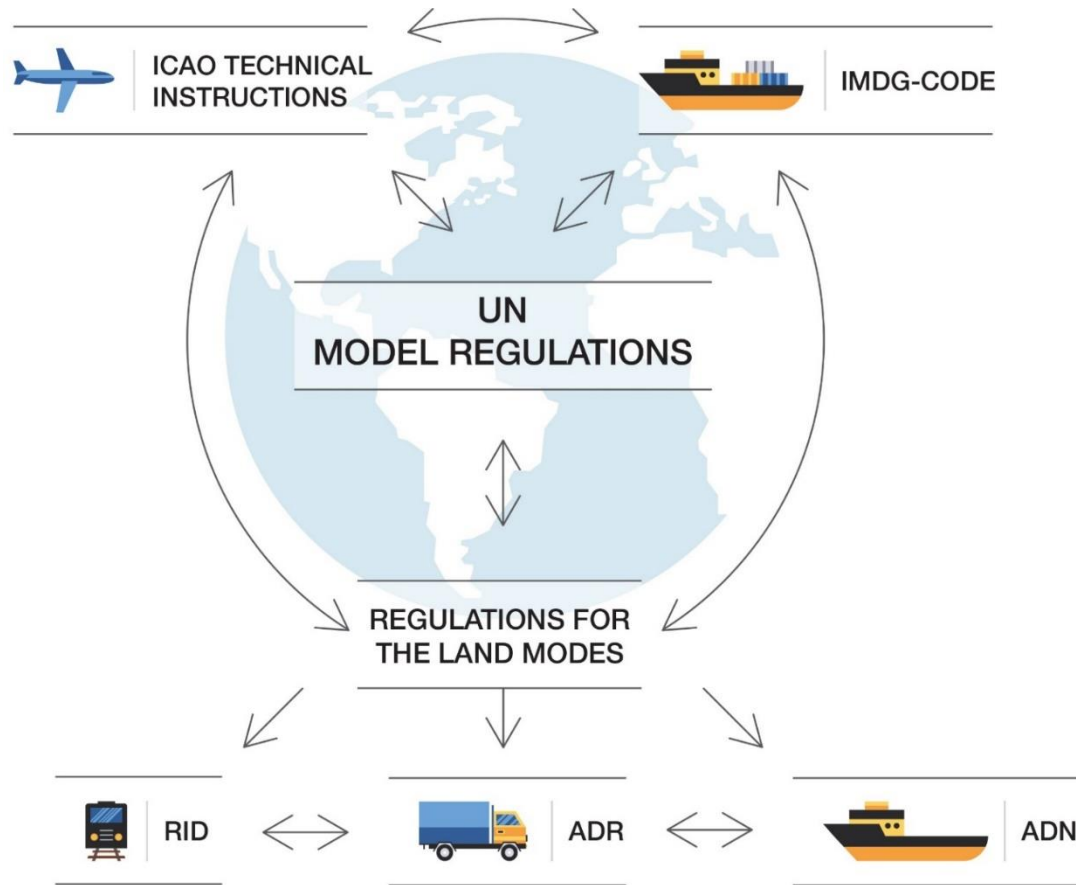
• **an international contract under uniform international law.**



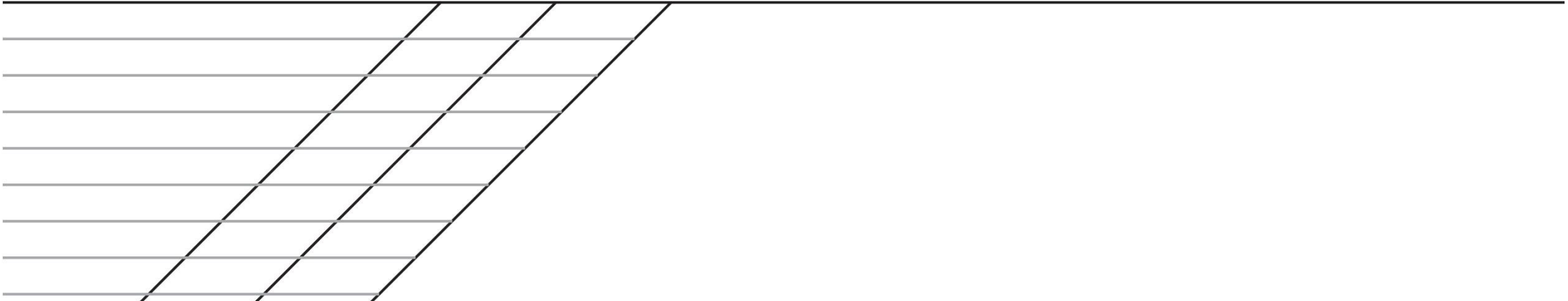


RID and regulations for the transport of dangerous goods

Ensure safety and prevent accidents and damage to persons, property and the environment



- RID is based on the UN Model Regulations
- RID is directly applicable in EU to international and domestic railway traffic
- RID is harmonised with the dangerous goods regulations of the other two land modes (ADR and ADN)
- It is also harmonised with the dangerous goods regulations for air and maritime transport (ICAO Technical Instructions and IMDG Code)



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