

*Regional Policy Dialogue on*  
**Strengthening Transport Connectivity in Southern and Central Asia**

7 February 2018

Room H, United Nations Conference Centre, Bangkok

Key Highlights

1. The Regional Policy Dialogue on ‘Strengthening Transport Connectivity in Southern and Central Asia’ was held at UNESCAP, Bangkok, during 7-8 February 2018. The Policy Dialogue was jointly organized by UNESCAP’s Transport Division and the Subregional Office for South and South West Asia, in partnership with the United Nations Economic Commission for Europe (ECE). Representatives from the ministries/departments dealing with road and rail transport of 10 Southern and Central Asian countries – Azerbaijan, Bangladesh, Bhutan, India, Iran (Islamic Republic of), Kazakhstan, Myanmar, Nepal, Tajikistan, Turkey - participated in the Dialogue and made statements on national level initiatives on cross-border transport facilitation. The representatives of Economic Cooperation Organization (ECO), South Asian Association for Regional Cooperation (SAARC), Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and Shanghai Cooperation Organization (SCO) Secretariats, along with about 15 subject experts and resource persons from the Southern and Central Asian subregions also participated in the Policy Dialogue.
2. The Policy Dialogue was organized as part of a project undertaken by the UNESCAP Secretariat entitled ‘Strengthening connectivity of countries in South and Central Asia’. The objective of this project has been to assist Southern and Central Asian countries in enhancing their capacity to plan and implement intra- and interregional transport connectivity projects. The project aimed at identifying key potential international road and rail corridors for the Southern and Central Asian subregions, and list down the challenges in development of these selected corridors in terms of infrastructural deficiencies, trade and transport facilitation issues etc., and subsequently arrive at potential policy solutions to overcome such challenges.
3. Mr. Hongjoo Hahm, Deputy Executive Secretary, UNESCAP, opened the Regional Policy Dialogue by highlighting the importance of transport connectivity in achieving the SDGs. Transport is directly addressed by the target of “access to safe, affordable, accessible and sustainable transport systems for all by 2030” under SDG 11 on inclusive, safe, resilient and sustainable human settlements. Transport also indirectly plays its part in meeting all the other SDGs, especially by acting as the key facilitator of enablers of growth and development such as free international trade. The Regional Policy Dialogue was contextualized against the

observation that many parts of Southern and Central Asian subregions, particularly the landlocked countries, continue to suffer from lack of adequate and reliable cross-border transport facilities and thereby fail to take advantage of emerging trade opportunities.

4. The Policy Dialogue noted that international land transport links are inadequate in the Southern and Central Asian subregions, leading to prohibitively high cost and time taken for moving cargo, severely constraining inter-regional trade. Consequently, a large portion of the expected trade potential between the two sub-regions remain untapped. The participants further noted that transport facilitation along cross-border land transport corridors is critical for realizing the untapped trade potentials of the subregions. In this context, the Policy Dialogue discussed the recommendations of ESCAP study on harmonization of transport documents to address the disrupted border crossing movements and divergent/inconsistent documentary requirements through introduction of subregional transport permit system as well as subregional customs transit system, supported by electronic vehicle/cargo tracking system based on ESCAP Secure Cross Border Transport Model. Streamlined border crossing process could be achieved with reduced and harmonized documentation, electronic data exchange and introduction of electronic processing systems, such as e-permit system and paperless customs transit system.
5. The Policy Dialogue recognized the special importance of rail transport as an environmentally sound mode of transport and also the strategic advantages it offers by facilitating long-distance inland transport between various subregions of the Eurasian continent. Among potential extended railway corridors for Southern and Central Asia along the Trans-Asian Railway Network, the Policy Dialogue discussed the proposal of extending the existing Istanbul-Tehran-Islamabad container block train to Dhaka through Delhi and Kolkata. With the possibility of eventual extension to Yangon, this extended rail corridor can connect South and Central Asia with South-East Asia. With multimodal feeder links to landlocked countries including Afghanistan, Bhutan and Nepal and the Central Asian Republics and ports of the region including through Chabhar port and links with INSTC, the proposed Istanbul-Tehran-Islamabad-Delhi-Kolkata-Dhaka-Yangon (ITI-DKD-Y) corridor could become an important transport artery not only for promoting intra-regional trade but also as an important conduit of Asia's trade with Europe.
6. Key results of the economic evaluation of the ITI-DKD-Y corridor conducted by UNESCAP were presented at the Policy Dialogue. The results show significant cost and time savings compared to other transport options available to the subregional countries, principally because of avoidance of transshipments at borders and sea ports. The benefits are greater for shipments originating from inland production centers and commercial hubs. Assessments also indicate that cross-border rail transport along the proposed corridor can be achieved through minimal

infrastructural investments as there are only a few missing links remaining. However, its operationalization requires sustained and coordinated transport facilitation reforms.

7. Various UNESCAP led initiatives, policy frameworks and tools for regional transport facilitation were introduced at the Policy Dialogue, including the draft framework for enhancing efficiency of railway border crossings along the Trans-Asian Railway Network that would be presented to the Committee on Transport to be held in November 2018.
8. The Policy Dialogue acknowledged the need for achieving synergies between various ongoing transport projects led by subregional countries and international organizations. The Policy Dialogue took stock of numerous initiatives to strengthen transport connectivity under different overlapping subregional frameworks of ECO, BIMSTEC and SAARC, SCO transport programmes. Coordination between transport corridors being promoted under various frameworks to maximize network externalities is needed and UNESCAP could play a role in achieving this goal given its broader membership and expertise in the subject.
9. Parallel developments in this area such as the International North South Transport Corridor (INSTC) were also discussed, along with initiatives such as the Bangladesh, Bhutan, India and Nepal (BBIN) Motor Vehicle Agreement. INSTC, which aims for multimodal linkages between major commercial centers of Central and Southern Asian countries is progressing through several ongoing multi-country initiatives for infrastructural (hard) and policy (soft) reforms. These projects and reforms would help to establish inter-regional connectivity through road and rail connectivity to the southern ports of Islamic Republic of Iran, opening up transport options through sea links with major ports of South Asian countries. Projects such as Iran (Islamic Republic of) -Turkmenistan-Kazakhstan (ITK) railway which became operational since 2014, ongoing development of the Chabahar port in Islamic Republic of Iran along with direct road and rail links to the port giving direct access to Afghanistan are some of the main infrastructural links in this regard. Developments such as the Ashgabat Agreement, a multimodal transport agreement which came into force in 2016, complement INSTC and helps to further deepen connectivity between Southern and Central Asian countries. The Policy Dialogue noted the importance of taking cognizance of these new and emerging transport connectivity options available to countries of the subregions.
10. In the context of the assessment of the ITI-DKD-Y rail corridor, it was noted that joint ownership and coordinated facilitation of international rail corridors by participating countries needs to be encouraged for commercial success of such corridors. Creation of appropriate institutions is critical for viable commercial transport operations along the railway corridor(s) and to build trust among potential users. Certain common operational protocols need to be adhered to by hosting countries, which would allow private operators, logistic companies and

freight forwarders to take part effectively. In this regard, the participants noted with appreciation the creation of the United Transport and Logistics Company (UTLC) in 2014 by the national rail authorities of the Belarus, the Russian Federation and the Kazakhstan and suggested the need to promote such companies to manage international railway transport corridors.

11. The importance of establishing smooth interfaces between road and rail corridors for multimodal transport connectivity in the Southern and Central Asian subregions, particularly for landlocked countries to have access to seaports, emerged as the key priority. In this context, the draft regional framework for development of dry ports, being developed by UNESCAP was referred to as an important tool for the subregions. The need for capacity building assistance from UNESCAP Secretariat on operation of multimodal transport corridors was highlighted.
12. The Policy Dialogue was informed of the efforts made by countries to develop cross-border transport infrastructure and integrated border management including by customs automation and use of ICT, and by entering into bilateral and subregional transport arrangements. The country presentations also provided an overview of the challenges faced by member countries, including lack of adequate inter-agency and inter-country coordination, shortcoming in institutional capacity, and issues faced in negotiating regional transport facilitation agreements.
13. The Policy Dialogue recognized the need for awareness generation and capacity building exercises by intergovernmental organizations such as UNESCAP. More efforts were required for evidence based policy advocacy, and for this detailed feasibility assessments and economic impact analyses for potential corridors of strategic importance for the subregions.
14. The Policy Dialogue raised issues of infrastructure financing and noted that Southern and Central Asian countries face huge deficits in terms of sourcing of infrastructural investments. This deficit cannot be met solely by governments, development banks and regional financial institutions. Therefore, new sources to mobilize investments must be considered, including through various forms of involvement of the private sector.
15. The Policy Dialogue also highlighted the need for promoting greater engagement of the private sector in all corridor development projects and programmes. Steps need to be taken to ensure representation of industrial bodies as key stakeholder group in all stages of connectivity projects, from planning to post implementation audits.
16. The Policy Dialogue put forward the following as the main action points:

- UNESCAP to take lead in finalizing a Transport Connectivity Master Plan to integrate various elements of transport infrastructure and facilitation measures. Such a plan could address capacity building needs of member countries, particularly that of landlocked LDCs of the subregions, as well as the requirements of coordination between agencies and stakeholders including the private sector. Working groups involving experts, private sector representatives and official focal points from the subregional countries could develop the Master Plan for transport connectivity with ESCAP facilitating this endeavor.
- UNESCAP to set up an intergovernmental group of experts on transport corridors being developed in the region by various regional/subregional and other initiatives so as to prioritize development of corridors and to achieve synergistic impact and optimal outcomes.