Maximizing the Potential of Economic Corridors

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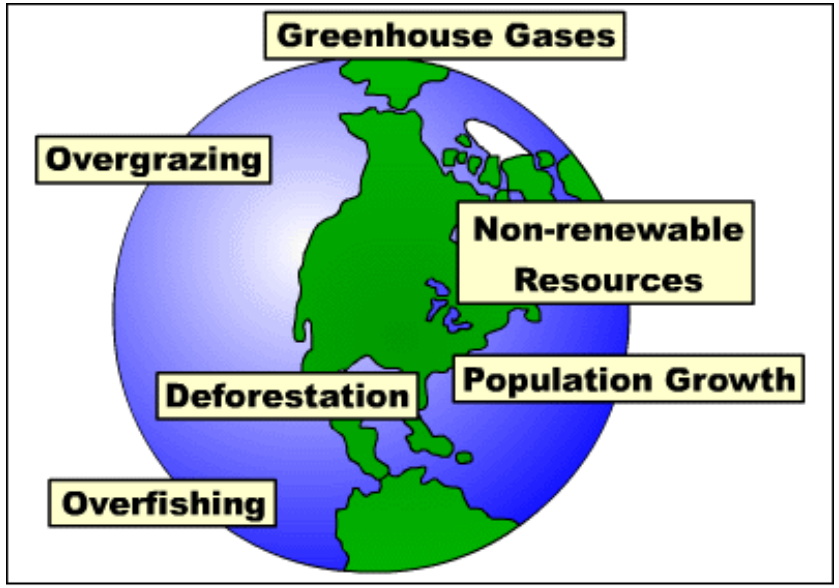
Economic Corridors

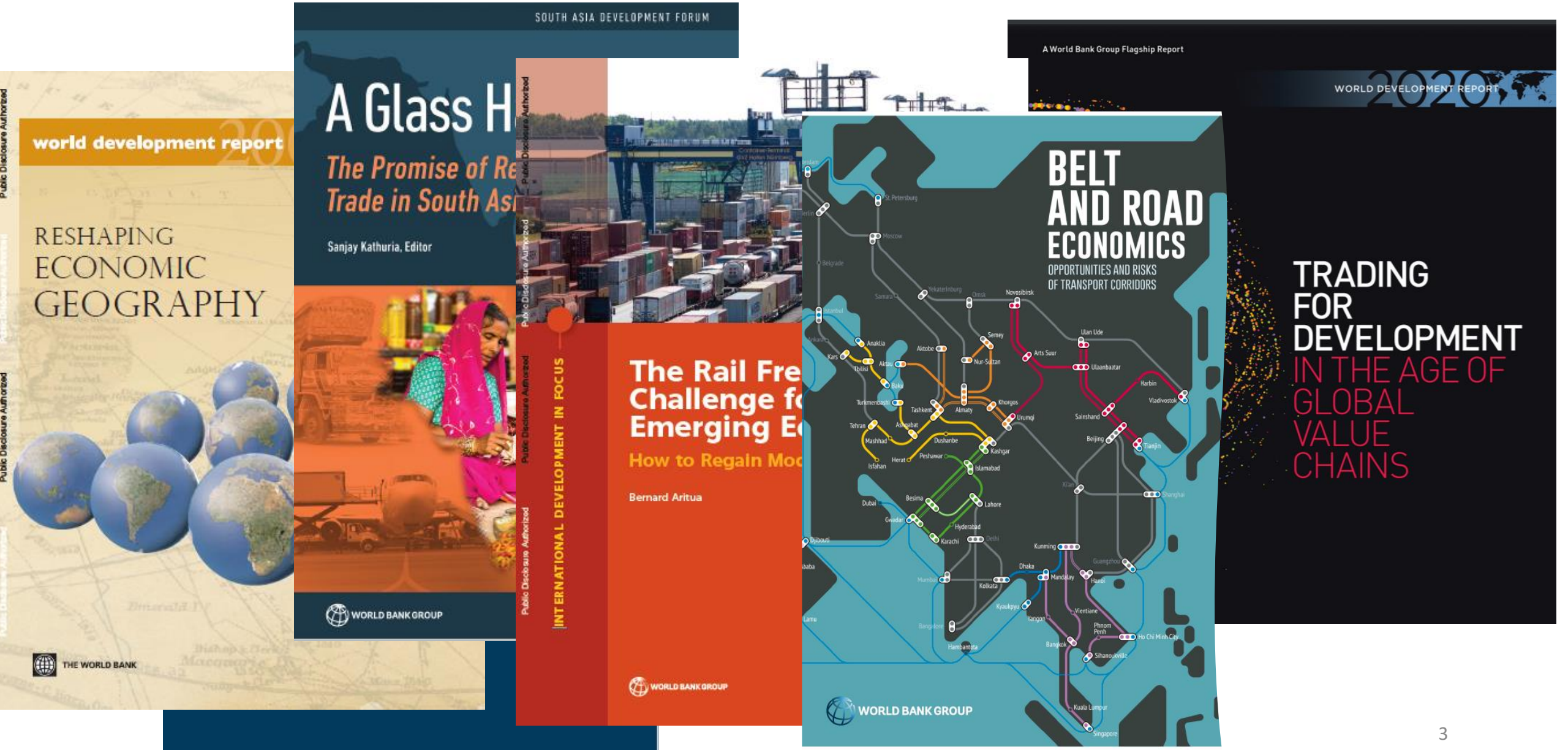
".....It is our considered professional judgment that this dilemma has no technical solution. If the great powers continue to look for solutions in the area of science and technology only, the result will be to worsen the situation."

J. B. Wiesner and H. F. York, Scientific America. 211 (No. 4), 27 (1964).

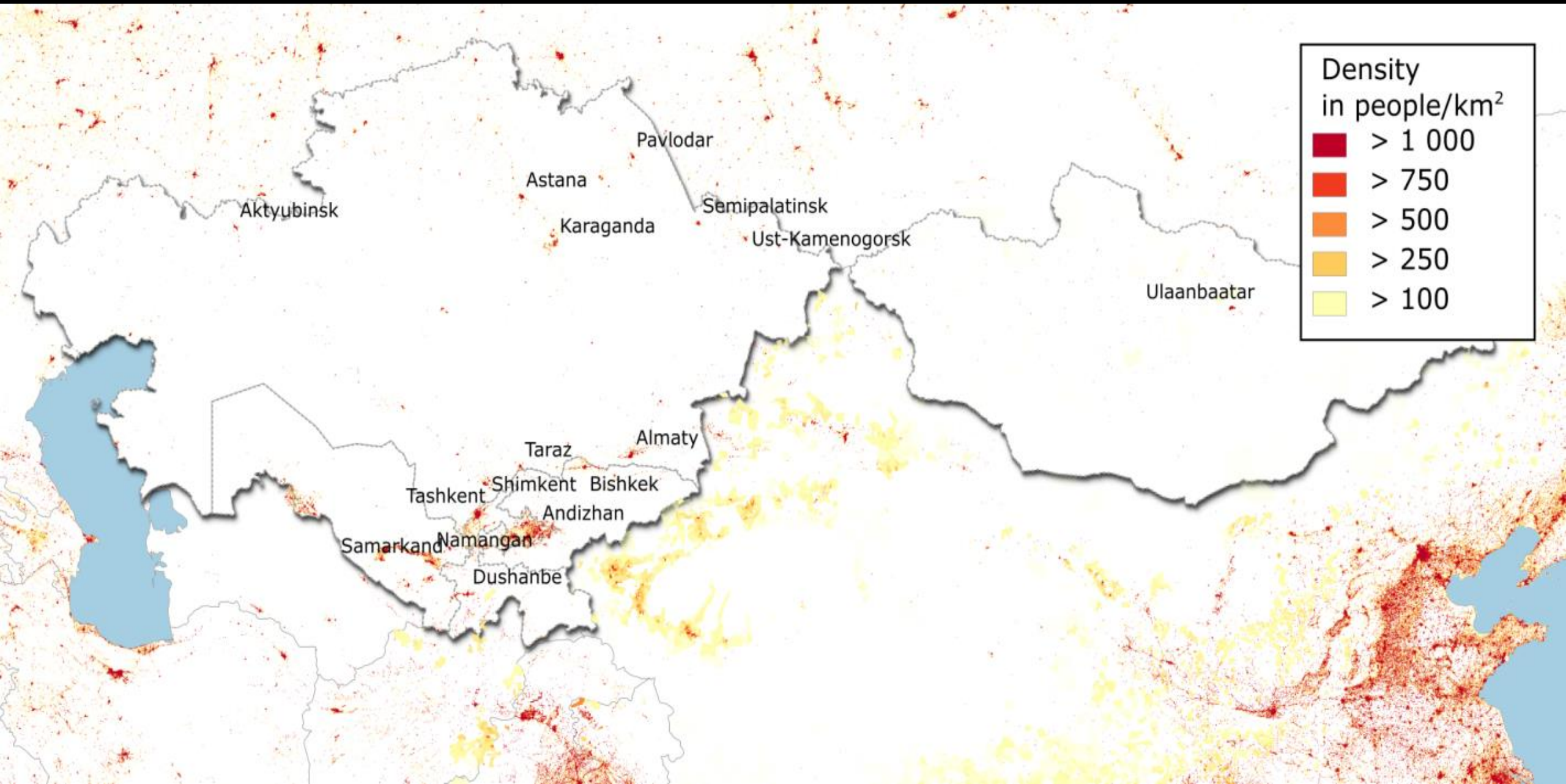


TRAGEDY OF THE GLOBAL COMMONS

Economic Geography, Regional Economic Integration, Value Chains



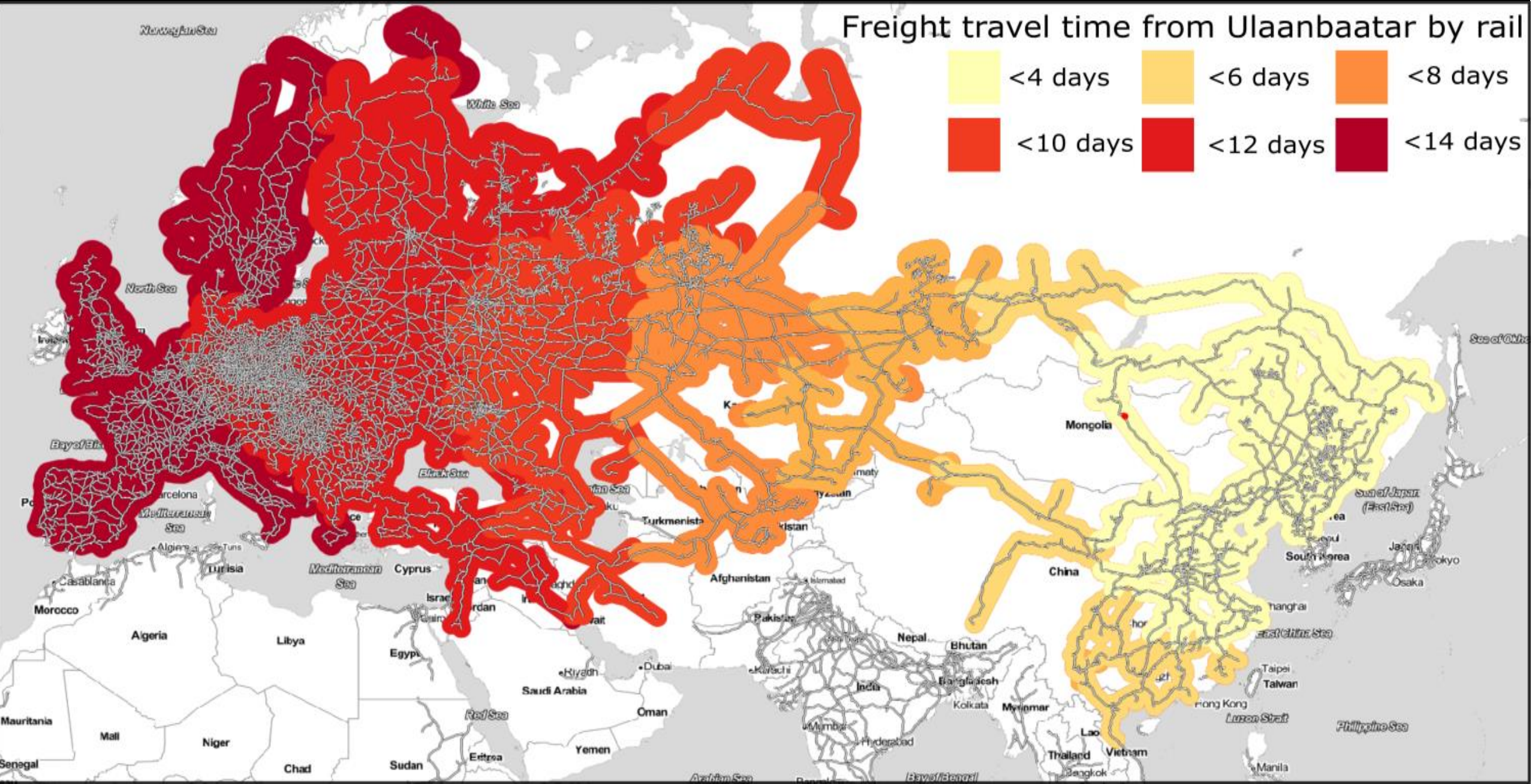
Population density is extremely low



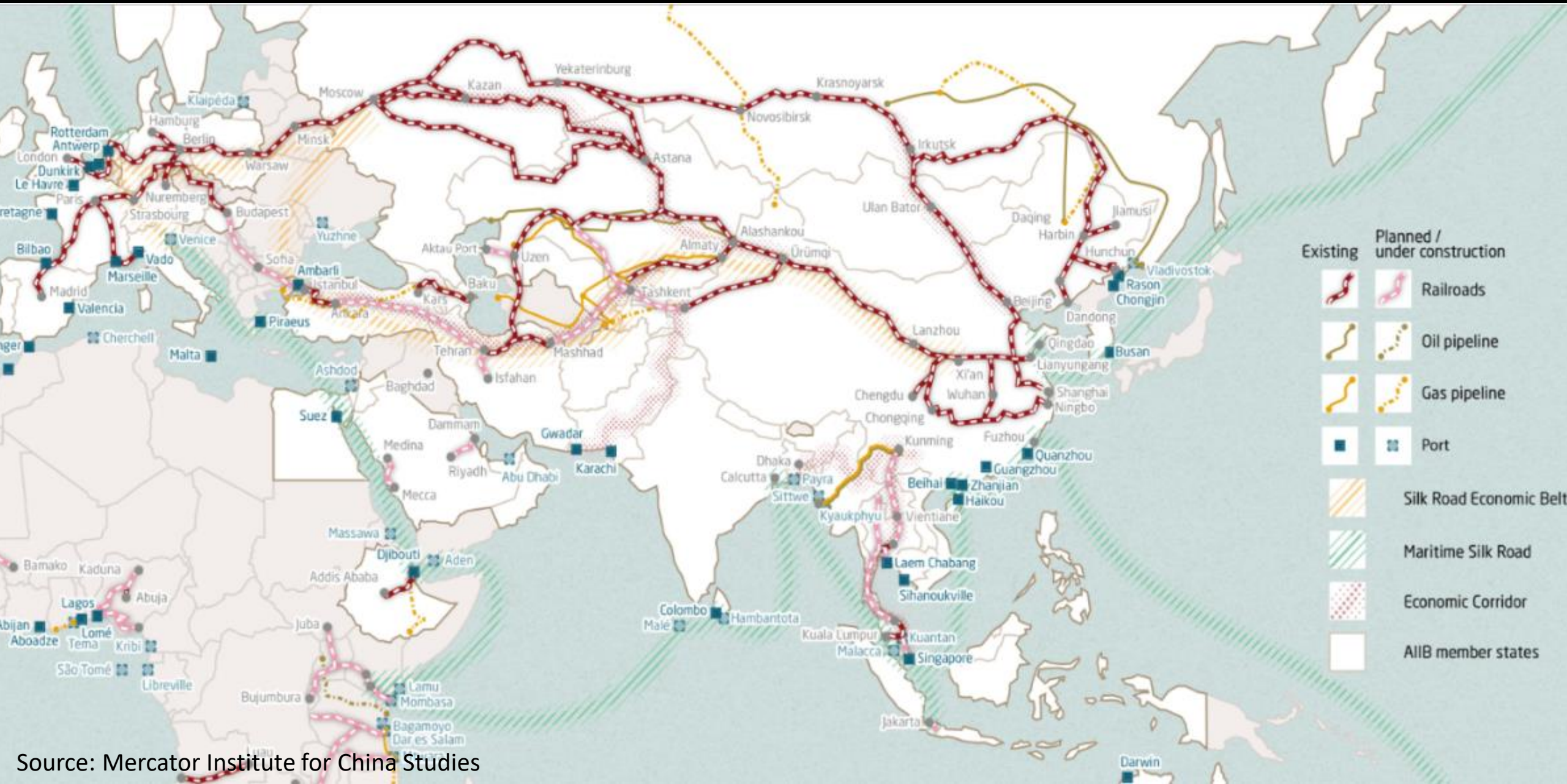
Distance to and from production and consumption centers

Huge Infrastructure Gaps

… Poor Connectivity to main markets



Several plans to improve Connectivity



Source: Mercator Institute for China Studies

Multiple (overlapping and often competing) visions of regional connectivity and trade

A ‘New Driver’: China-Europe Block Trains

➢ China-Europe Block Trains:

- Increased from **80** to **6,363** per year
- **17,000** trips have been completed (2013 - June 2019)

Number of Block Trains between China and Europe (including Russia)

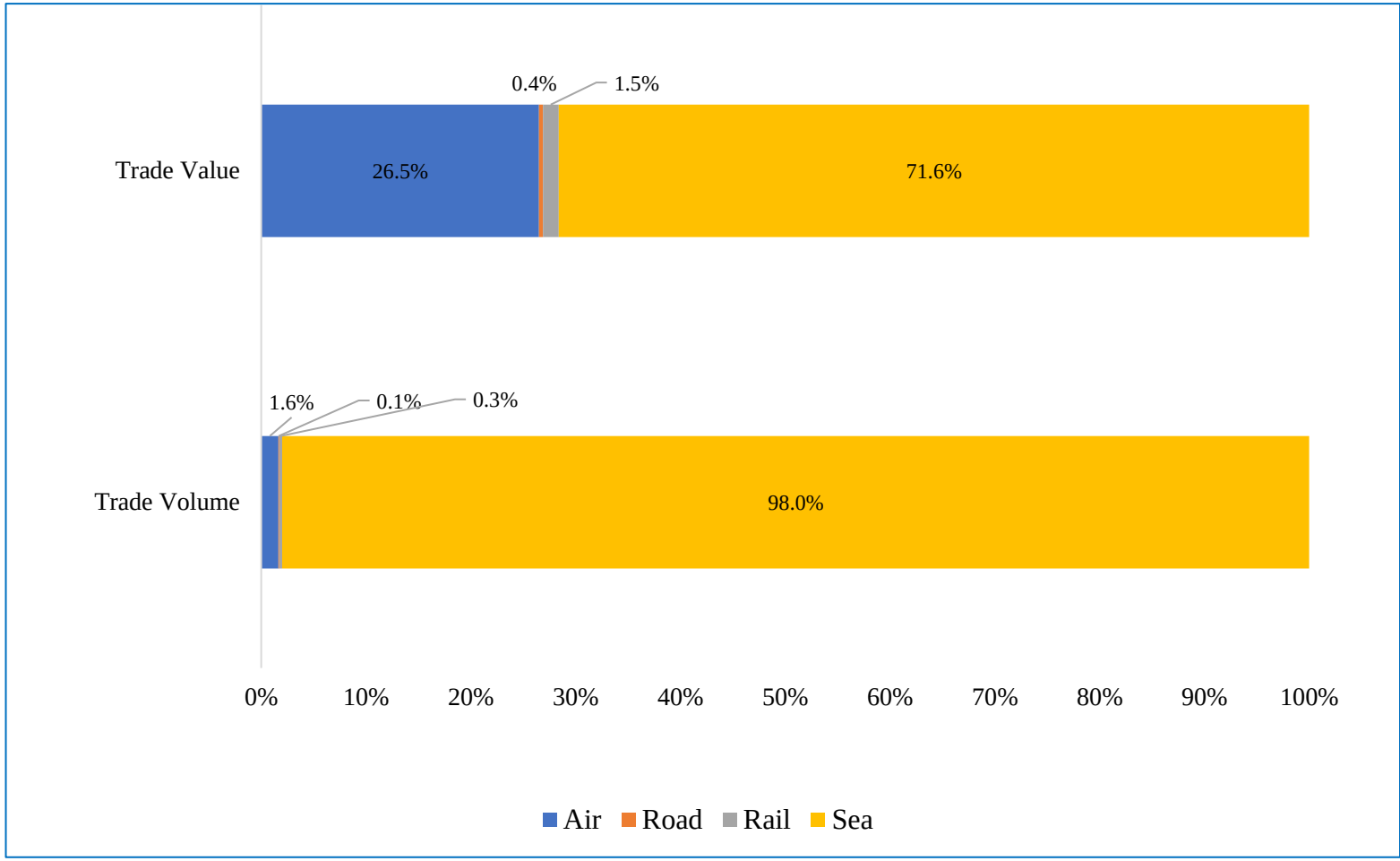
Data: Chinese Railways, Belt and Road Portal

A New Driver: China-Europe Block Trains

➢ Mode Share and Niche Market:

- Sea: **98%** of total trade volume, **low value** goods
- Air: **1.6%** of total trade volume, **high value** goods

Composition of China-Europe Freight Value and Volume by Transport Mode (2016)



Source: World Bank Internal Analysis

Obstacles and Emerging Challenges

The lack of railway interoperability on legal, operational and technical terms is a major historical obstacle. There are also emerging challenges in capacity, economic and financing constraints

- Lack of systematic design and regional coordination
- Different railway technical systems
- Administrative & legal obstacles
- Limited capacity of intermediate nodes
- Economic & financing challenges

Obstacles - Lack of systematic design and regional coordination

- There are over 60 cities in China operating westbound block trains to Europe
- All these routes are managed by local governments
- The lack of systematic top-level design and regional coordination has led to inefficiency in terms of railway capacity utilization and resource allocation

Distribution of cities in China operating China-Europe Block Trains

Norbert Wagener, Bernard Aritua, Tong Zhu 2019

Picture: Belt and Road Portal

Obstacles - Different railway technical systems

- Power system: electrified, non-electrified
- Rail tracks: double, single
- Track Gauge (mm): 1435, 1520

Illustration of Existing Rail Routes Connecting Western China to Europe

Source: Varvara Krechetova.

Source: UNESCAP

Obstacles -Limited capacity of intermediate nodes

- The transit freight at the Belarus-Małaszewicze crossing increased from 5 trains per day in 2016 to over 10 trains in 2017 and continuously increasing…

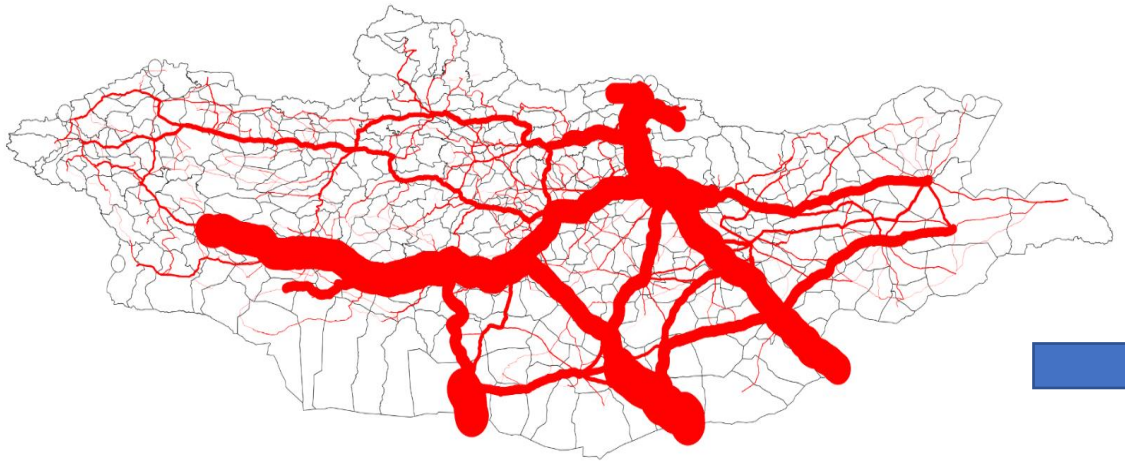
- Due to railway infrastructure, locomotive fleet, and rolling stock have not been upgraded in long time, this crossing is a key impediment
- Insufficient standardization of shipping documents and technical regulations remains a main obstacle to the increase of freight along the whole route

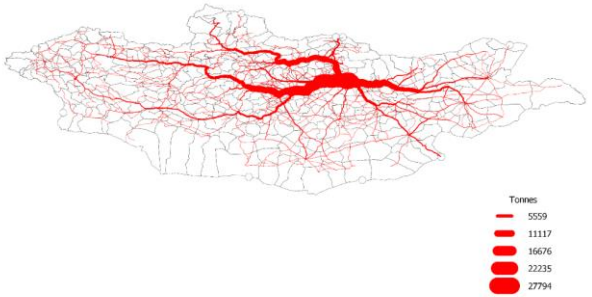
Illustration of Existing Rail Routes Connecting Western China to Europe

Norbert Wagener, Bernard Aritua, Tong Zhu 2019

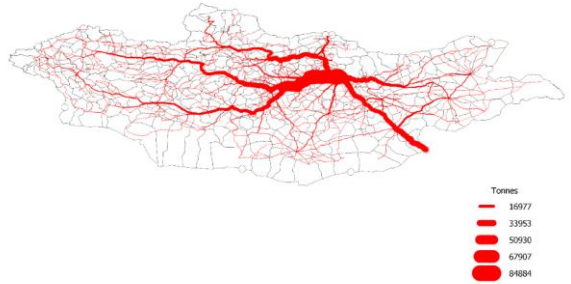
Picture: World Bank

Unlocking local potential - Evidence is critical





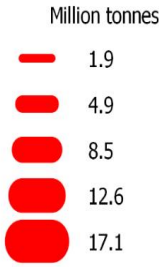
Milk

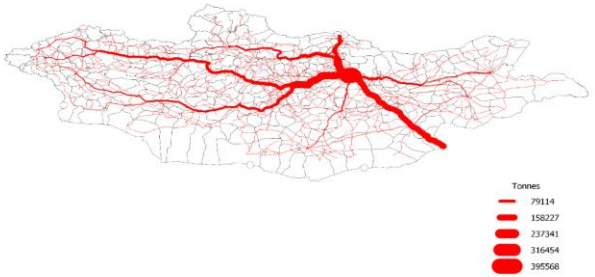


Meat

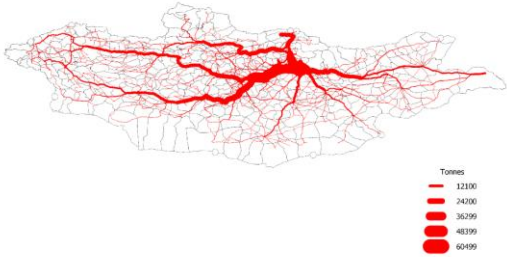
Within Mongolia:

Tonnes:	67.4 Million
Tonne-km:	40.6 Billion
Average distance:	602 Kilometres





Animal feeds



Processed food

4 big opportunities

Physical network and multilateral institutions that are fit for the future

Integrated and resilient network

Digital networks configured for a new normal

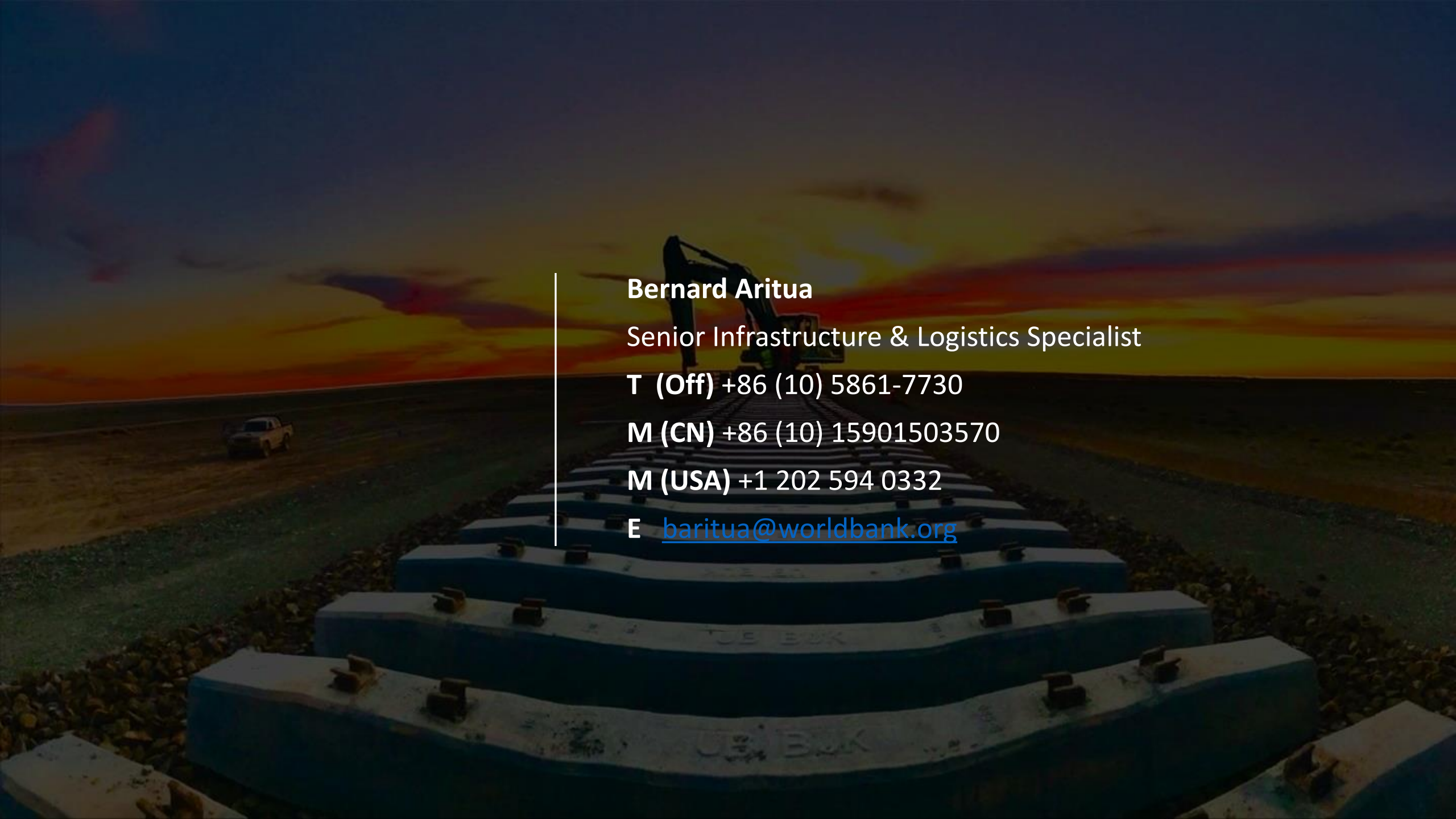
Digitalization a key driver for smart transport systems

Green energy networks as backbone for transport systems

Smart energy corridors and hubs, Multi-fuel (transition) network

Sustainable financing as driver for low-carbon transport in post-pandemic world

Financial instruments and leaders embed sustainability in decisions



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