LEVERAGING FREIGHT TRANSPORT STRATEGIES FOR REALIZATION OF SDGs IN NCA SUBREGION

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1. ESCAP CONTRIBUTION TO SUSTAINABLE FREIGHT IN THE ASIA-PACIFIC REGION

ESCAP is currently implementing a United Nations Development Account project on enhancing a shift towards sustainable freight transport in the Asia-Pacific region based on two tracks:

1. *national assessments* in the selected countries for developing national strategy for deepening sustainability in the freight transport,

2. *subregional strategies on sustainable freight transport* including by encouraging subregional cooperation among countries to deal with shocks (e.g. pandemics) through experience sharing in areas such as modal shift to sustainable modes of transport

The idea of these strategies is to link and make very clear the connections between the freight policies and the SDGs.

This has a particularly high importance for the landlocked countries of NCA.
2. Peculiarities and needs of NCA countries. General and environmental efficiency

Greenhouse gas emissions by modes of transport

Share of electrified railways, 2020

Logistics performance index for selected NCA countries

Source: The World Bank

Source: Asian Transport Outlook, 2019

Source: OSJD
2. Peculiarities and needs of NCA countries. International corridors and strategies

Most international transport corridors (and corresponding strategies) are yet to be defined in NCA.
2. **peculiarities and needs of NCA countries. Conclusions**

**Peculiarities** of the transport system of countries of North and Central Asia:

1) dominant role of **inland transportation**, also for international connections,
2) **interconnectivity** of transport network,
3) for most countries of the region – **joint rail traffic planning** and support systems,
4) high **dependency** of necessary road and rail capacities on transit, export and import flows,
5) interdependency of the capacities.

**Specific needs of NCA countries based on the peculiarities**

**In terms of logistics sustainability:**
- need for **regional cooperation** to balance freight flows, especially transit ones,
- need for higher **digital interoperability and integration**, especially for rail transport.

**In terms of economic sustainability:**
- important **dependency of transit flows on economic changes in third countries**,
- need to consider **comprehensive efficiency of freight transport enhancements** on their impact on national and regional economies.

**In terms of environmental sustainability:**
- further shift to more **environmentally friendly modes** (rail, piggyback transportation, etc.),
- need for **investments for further decarbonization** (shift to new technologies),
- possibly **high impact of ecological incentives and levies applied by third countries**.
3. **Key Post-Pandemic Macroeconomic Factors Impacting on Freight Strategies**

**General Economic Recovery**
impacting on (a) total volumes of freight transportation, both domestic and international, (b) directions of freight transportation

**Geopolitical Tensions and Trade Protectionism**
a multi-factor impacting on all aspects of transport sustainability, also limiting possible volumes, variety of routes, as well as opportunities to diversify transport mix

**Base Commodity Prices**
impacting on (a) total volumes of transportation and (b) fares of transportation / need for subsidies or other forms of support

**Monetary Policies**
factor impacting on general available level of infrastructural funding and support

**Energy Transition and Decarbonization**
directly impacting on environmental sustainability of rail freight, may lead to temporary deharmonization of international trade corridors, growing costs of trade and additional costs for Central Asian landlocked countries
3. **Key Post-Pandemic Macroeconomic Factors Impacting on Freight Strategies. Use-case of the Russian Federation**

**Modeled Sets of Factors**

1) **Set One**
   - substitution of Australian coal with Russian coal in China (increase from 16.4 percent to 26.4 percent (~20 m tons))
   - growth of coal exports to Europe by 10 percent points (~7 m tons)

2) **Set Two**
   - declining demand for coal in Europe (to achieve SDGs, reduction of exports to Europe by 5 pp. (-3.5 m tons))
   - accelerated build-up of domestic coal production in China
   - resumption of Australian coal imports to China (reduction of Russia's share in Chinese imports from 16.4 percent to 13 percent (~7 m tons))

*2021 Data and Prerequisites

Freight strategies refer to achieving SDGs (technologies, infrastructure), but achievement of SDGs (energy transition) do in its turn impact on freight strategies (changing volumes, cargo types, directions).
4. **Why and How to Combine Freight Strategies and SDGs. Use-case of Kazakhstan**

1. **Economic Scenarios and External Factors**

2. **Trade Projections Converted to Freight Projections**

3. **Infrastructure Gaps and Gaps in Operations**

4. **Priority Actions to Unlock the Potential**

5. **Strategy Aimed at Achieving SDGs**

Freight, and more largely, connectivity strategies are important enablers for realization of SDGs, faster and resilient economic growth.
5. RECOMMENDATIONS ON STRATEGIC PRIORITIES AND ACTIONS FOR NCA COUNTRIES

1. Agreeing on the statistics on freight transport impact on SDGs

- Elaboration of data lists and formats to be collected on freight sustainability.
- Elaboration of guidelines on data collection and processing.
- Implementation of new data collection system.

2. Enabling corridor-based harmonization

- Corridor-based ‘sustainability watch’ programme: joint identification of weak segments or parts, joint planning of actions to increase the overall freight sustainability by specific corridors.

3. Promotion of smart technologies and solutions, especially for international projects

- Application of combined economic and freight transport modeling as a smart decision-making solution within national and regional strategic planning to ensure the best choice of parameters for new projects or modernization of existing infrastructure / services.
- Consideration of governmental support for green multimodal solutions (piggyback transport and other options of semitrailer transport).
- Promoting digitalization and digital integration.

4. Introduction of ESG check-up for freight transport projects and certification (labelling) of connectivity projects

- Establishment of certification methodology for sustainable freight projects (ESG check-up)
- Cooperation with international financial institutions on acceptance of such certification as a necessary condition for attracting international green financing.
- Publication of data on certified sustainable freight projects to promote knowledge and experience sharing.
6. Way Forward for Regional Cooperation on Sustainable Freight Strategies

01
Converting freight transport strategies into sustainable connectivity strategies

02
Shifting from the only possible optimality to alternativity as a path to higher resilience.

03
Introducing constant improvements concept instead of focusing on fixed indicators to fit various needs, budgets, technological levels of NCA countries.

Enhancing practical regional cooperation: establishment of NCA platform for sustainable freight.
THANK YOU FOR ATTENTION!