SIXTH SOUTH-EAST ASIA MULTI-STAKEHOLDER FORUM
ACCELERATING THE RECOVERY FROM COVID-19 WHILE ADVANCING THE FULL
IMPLEMENTATION OF THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT
7-8 NOVEMBER 2022, BANGKOK & HYBRID

EHNANCING CONNECTIVITY OF LLDCs OF NCA AND SEA TO ACHIEVE SDGs

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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

**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 developing countries and for the subregional and intra-subregional economic links.**
2. **Key post-pandemic macroeconomic factors impacting on connectivity strategies**

Macroeconomic background supported by infrastructure developments largely financed by key exporting economies in Asia and Europe resulted in the pre-pandemic constant trade costs decrease for landlocked developing countries in NCA and SEA subregions.

Key connectivity-related macroeconomic impact of the COVID-19 pandemic for the Asian LLDCs is *increase in trade costs with simultaneous decrease of resources to finance infrastructure enhancements*. 

**To ensure better use of limited resources:**

1) Connectivity strategies need to be checked against economic, social effects, achievement of SDGs,

2) Prioritizing system for connectivity projects needs to be developed and adopted within subregions and for intra-regional activities,

3) Specific commodities and specific countries (LLDC) should benefit from special international support.
3. CRISES-RELATED OPPORTUNITIES

01. Development of alternative connections and economic corridors as a way to increase general resilience of transport and trade links.

02. Opportunities to unlock export potential thanks to both changes in structure of traded goods and development of such alternative connections.

03. Opportunities to participate in the construction of new economic corridors based on not yet fully operational international transport corridors.

04. Development of new transport and trade links from the current and future necessities of LLDCs and developing countries, and not from historical links.

05. Opportunities to establish regional cooperation of a new type – based on current and future economic profiles of connections and efficiency for the economies of participating countries.
## 4. Current State of NCA and SEA Connectivity

<table>
<thead>
<tr>
<th>Corridor</th>
<th>Description and Opportunities for Specific Commodities</th>
<th>Current Status</th>
<th>Challenges</th>
<th>Links with Asian Subregions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. China – Kazakhstan – Russian Federation – Belarus - EU</td>
<td>Key route for EU – China links</td>
<td><strong>Fully operational</strong>, one-window facility (more than 80 per cent of China – EU rail transit in 2021)</td>
<td>Geopolitical trade restrictions and sanctions</td>
<td>Southeast Asia</td>
</tr>
<tr>
<td>2. Trans-Caspian route (TITR, Middle Corridor, TMTM)</td>
<td>Second best option to deliver Chinese goods and Kazakhstan’s exports to the EU</td>
<td><strong>Fully operational</strong>, but requires capacity expansions (less than 5 per cent of China – EU rail transit in 2021)</td>
<td>Multimodality (ferry), 4 countries of transit</td>
<td>Southeast Asia</td>
</tr>
<tr>
<td>3. China – Kazakhstan – Uzbekistan – I.R.Iran – Türkiye – EU (Southern corridor)</td>
<td>Linking the EU and China through countries with the largest populations, including I.R.Iran and Türkiye</td>
<td><strong>Limited operations</strong></td>
<td>Numerous bottlenecks along the entire route, 5 countries of transit</td>
<td>Southeast Asia</td>
</tr>
<tr>
<td>4. (Russian Federation) - Kazakhstan – Turkmenistan – I.R.Iran (Bendarabbas) (KTI)</td>
<td>Access to I.R.Iran and to the sea links, mainly for agricultural products, oil and oil products, metals</td>
<td><strong>Limited operations</strong></td>
<td>Unsettled tariff policy with Turkmenistan, I.R.Iran and Turkmenistan, rail infrastructure gaps</td>
<td>South Asia, Southeast Asia</td>
</tr>
<tr>
<td>5. Kazakhstan – Uzbekistan – I. R. Iran (Chah Bahar)</td>
<td>Access to Indian Ocean ports for high value-added goods (metals) with comparatively lower infrastructure costs</td>
<td><strong>Partially operational</strong>, further development required</td>
<td>Need for intergovernmental agreements, development of logistics centers, expansion of Iranian ports</td>
<td>South Asia, Southeast Asia</td>
</tr>
<tr>
<td>6. Kazakhstan (Aktau) – I.R.Iran Bandarabbas</td>
<td>Access to Indian Ocean ports for oil, ore, coal, agricultural goods and metals.</td>
<td><strong>Planned</strong></td>
<td>Passage through 4 countries. High capital intensity (no railway in Afghanistan)</td>
<td>South Asia, Southeast Asia</td>
</tr>
<tr>
<td>7. Kazakhstan – Uzbekistan – Pakistan</td>
<td></td>
<td></td>
<td></td>
<td>South Asia, Southeast Asia</td>
</tr>
</tbody>
</table>
5. Why developing connectivity? Case of Asia-Europe links

Example: European and Asian

Exports growth by regions thanks to rail enhancements in transit

Only, M tons

Modelled with InfraForecast™ software.

UIC and IEC Intl's study “Eurasian corridors: development potential”

Western Europe

Central and Eastern Europe

China

Northern Europe

Southern Europe

Central Asia

South-East Asia

Republic of Korea

Others

Best rail case: baseline macroeconomic scenario, Chinese subsidies present, acceleration of the Trans-Siberian Railway to 7 days, acceleration of all border crossing procedures to 3 hrs for all crossings, 100% use of CIM/SMGS consignment, price reduction by 20%.

Total in 2030: 808

No-change, baseline economic scenario
### 6. Why developing connectivity? Case of NCA links with other subregions

**Use-case of Kazakhstan: Impact of Connectivity Enhancements on exports to other Asian subregions**

<table>
<thead>
<tr>
<th>Commodities</th>
<th>Central Asia, Western Asia, South and South-East Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BAU</td>
</tr>
<tr>
<td>Oil and oil products</td>
<td>1.2</td>
</tr>
<tr>
<td>Metals</td>
<td>0.7</td>
</tr>
<tr>
<td>Grains</td>
<td>1.1</td>
</tr>
<tr>
<td>Others</td>
<td>1.58</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4.58</strong></td>
</tr>
</tbody>
</table>

**BAU: No transport changes**  
**Active: Connectivity enhancements (operability of corridors from previous slide)**

LLDCs are gaining both new country markets for their exports and growing risks for historically established supply chains. Along with economic diversification, new international transport corridors, which can ensure sustainable exports and capitalize on transit potential, begin to play an increasing role for LLDCs further economic development.

Development of currently non-operational links or links with limited operations may result in the intensification of trade links among Asian subregions.
7. 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.
8. Way Forward for Inter-regional Connectivity

1. Establishment of current and future economic profiles of subregion-to-subregion connectivity

2. Establishment of prioritizing system

3. Corridor-based harmonization

4. Development of “Support and Guarantees” programmes for specific commodities

5. Establishment of a dedicated NCA-SEA connectivity program
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THANK YOU FOR ATTENTION!