UNITED NATIONS
ESCAP
Economic and Social Commission for Asia and the Pacific

STRENGTHENING PORT-HINTERLAND SUSTAINABLE TRANSPORT CONNECTIVITY

for landlocked developing countries of the ESCAP region

January 2022

This study was prepared by Transport Division ESCAP. The study was prepared by Mr. Goran Andreev, Consultant, under the supervision of Mr. Sandeep Raj Jain, Economic Affairs Officer, Transport Connectivity and Logistics Section (TCLS), and overall guidance of Ms. Azhar Jaimurzina Ducrest, Chief of TCLS, Transport Division.

The views expressed in this study are those of the authors and do not necessarily reflect the views of the United Nations Secretariat. The opinions, figures and estimates set forth in this study are the responsibility of the authors and should not necessarily be considered as reflecting the views or carrying the endorsement of the United Nations.

The designations employed and the presentation of the material in this study do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city, or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Mention of firm names and commercial products does not imply the endorsement of the United Nations.

This study is issued without formal editing.

Table of content

Key Messages

1. Distinctive features of ESCAP LLDCs are reflected as differences related to transport connectivity however, if analyzed as a group and compared with their coastal neighbors, the ESCAP LLDCs are clearly in disadvantageous position. Although many LLDCs in the region have managed to achieve significant progress over the years in improving their transport connectivity, the challenges to enhance the efficiency of transport linkages within and beyond the region remain.

2. The transport connectivity of LLDCs depends on effective arrangements with their transit and coastal neighbors for easy access to transport services, the level of interoperability, and facilitation of cross-border transport operations. Harmonization and simplification of regulatory controls (e.g., regarding Customs transit and border controls) could further streamline the movements across the borders and contribute to enhanced connectivity. Strengthened logistics capacity and corridor approach is another factor that has to be considered and supported in the endeavors to improve port-hinterland connectivity.

3. Presently Central Asia sub-region is better integrated, with wider participation in international conventions/agreements related to transit transport. Southeast Asia and South Asia sub-regions have sporadic participation in such international arrangements, and transit transport is mainly regulated on bilateral level. The large number of conventions / international agreements, sub-regional, multilateral / bilateral arrangements create very complex legal environment that is difficult to implement, which proves the need of further harmonization and simplification.

4. Many of the existing international agreements are not fully implemented (e.g., GMS CBTA) or not yet implemented at all (e.g., BBIN MVA). Multiple challenges are hampering effective implementation of operational international transit arrangements (e.g., in the case of AFAFGIT ACTS). Despite the progress achieved in recent years, the implementation of the legal arrangements (conventions / agreements) relevant to transit transport in the region remains to be challenging due to several reasons that include lack of sufficient harmonization; lack of simplified procedures; and inefficient cooperation mechanisms among control authorities.

5. Important expansions and improvements of transport infrastructure in the region could be noted, however transport infrastructure issues still hamper transport connectivity, since in overall (for ESCAP LLDCs as a group) above 50 per cent of Asian Highway routes are class III or below and about 10 per cent of the Trans-Asian Railway network are missing links. Significant challenges in logistics are also noted, with perception in many ESCAP LLDCs that there is no progress achieved with regard to the quality of transport infrastructure.

6. Outstanding challenges to seamless transport linkages of ESCAP LLDCs include: challenges related to infrastructure and physical barriers (e.g. quality of

infrastructure, border crossing infrastructure shortages, financing gaps); challenges at getaway ports in transit countries (e.g. port inefficiency, lack of coordination); transit transport challenges (e.g. high costs, low cargo volumes, unreliable demand, inefficient Customs transit procedures); challenges at border crossings (e.g. congestions, delays, cumbersome Customs controls, inefficient transloading of cargo); corridor management issues.

7. Transit transport connectivity challenges, particularly for LLDCs, could be addressed with endeavors to increase port efficiency at gateway ports (e.g. increased port agility, port automation, investment of LLDCs in seaports); development of favorable transit transport arrangements (e.g. with less restrictions regarding permits/routes, gradual liberalization, use of common transport documents, unified and competitive tariffs for railway transport); improvement of physical infrastructure and efficiency of usage (e.g. with optimized planning based on data modeling, advanced traffic management, improved maintenance); establishing dry ports and improvement of intermodal facilities; improvement of efficiency of Customs transit regimes, harmonization and streamlining of border crossing operations; well-organized corridor management; expanding investment and financing options.

8. International transit transport supported by efficient Customs transit systems is one of the key elements for improved transport connectivity of LLDCs. Analysis of existing transit transport regimes in ESCAP region, with a focus on embedded Customs transit systems (TIR System, AFAFGIT ACTS; GMS CBTA; EAEU Customs Transit; European Convention on Common Transit and NCTS) shows that that each of them has its own advantages and disadvantages. In general, efficient Customs transit systems are characterized by harmonized Customs transit procedures and use of international Customs transit systems; use of electronic paperless Customs transit systems; use of simplified Customs procedures beneficial for transport and trade communities.

9. Railway transport has proven most resilient in the time of pandemic with high reliability and advantages of being less exposed to the risks of restrictions. Key areas of opportunities for railways to enhance their competitiveness in post pandemic period include harmonization and digitalization of railway operations and railway documents; establishing efficient electronic information exchange between neighboring railways; better integration of railways with other modes of transport and collaboration between railways other relevant transport and logistics stakeholders.

10. Efficient railway operations in international transport also depend on harmonization and digitalization of related regulatory formalities (e.g. Customs clearance for goods in railway transport); establishing efficient electronic information exchange among railways and control authorities; use of simplified procedures for railway transport (e.g. use of railway Consignment note as a Customs document); use of electronic paperless Customs transit solutions;

automation and use of new technologies for regulatory controls, improved coordination and cooperating among all border agencies.

11. Main policy recommendations to improve port-hinterland transport connectivity for LLDCs identified with this study are to: increase port efficiency at getaway ports in transit countries; develop and implement favorable transit transport arrangements; improve physical transport infrastructure and enhance its efficiency; support establishing dry-ports and improve intermodal facilities; develop and implement efficient customs transit regimes; harmonize and facilitate border crossing operations; establish efficient corridor management mechanisms; expand investment and financing options.

12. To support improvement of port-hinterland connectivity in road transport the countries in the ESCAP region are encouraged to join TIR convention and support transition from paper-based to paperless eTIR. Efficient sub-regional level paperless Customs transit systems could also support seamless connectivity. The AFAFGIT ACTS is an example of such sub-regional systems for ASEAN countries, however its efficiency depends on overcoming of several existing implementing challenges and restrictions that have to be successfully addressed. The member countries of other sub-regions in ESCAP region are encouraged to consider (or continue negotiations) for introduction of new paperless Customs transit systems based on characteristics identified for development of efficient Customs systems and specific recommendations provided with this Study.

13. Presently there is a lack of international Customs transit system for railway in ESCAP region. To improve port-hinterland transport connectivity the countries in the region may consider establishing a new international/regional Customs transit system for railway transport. The concept of such system could be built on two-layer approach. The first layer could be a Framework agreement on international Customs transit for railway transport agreed on ESCAP regional level that only defines key common principles. The second layer could be specific multilateral / bilateral agreements between interested parties (in line with the agreed general principles) to implement international Customs transit systems for railway transport. Suggested common principles may include: use of common railway consignment note as a Customs transit declaration; possible use of electronic Customs transit declaration with reduced data (based on selected railway consignment note data and supported with railways to railways electronic data exchange); simplifications for railways as an authorized economic operator (AEO) including guarantee waiver; harmonization of Customs transit procedures and international cooperation between railways and Customs authorities.

Background

The port-hinterland transport connectivity for many landlocked developing countries (LLDCs) in the region remains weak due to inefficient interfaces among the Asian Highway network, the Trans-Asian Railway network, and the dry ports in LLDCs and seaports in transit countries. Experience suggests that most delays in transit transport for LLDCs occur at the gateway ports in transit countries where the transport mode is changed.

This modal change necessitates additional documents and the completion of regulatory formalities associated with goods destined to LLDCs. In many countries, the border/customs formalities for transit goods are overly complex, leading to inordinate delays at gateway ports.

New technologies can play an important role in simplifying and streamlining the formalities of border agencies. For example, using ESCAP's Secure Cross Border Transport Model customs authorities in India started a pilot programme on the use of an electronic cargo tracking system to track the containers carrying third-party imports from Nepal transported by rail while transiting through India leading to faster clearances and simplified procedures.

In addition, concepts such as agile ports that encourage swift movement of containers-without storing them in the container terminal, by transporting them directly to inland facility by a dedicated railway line can reduce congestion on the roads. Such practices need to be scaled up to enhance the port-hinterland sustainable transport connectivity for LLDCs of the region.

Experience suggests that a single worldwide transit system may be challenging to achieve. A more practical, yet optimistic, vision would be of a transit regime, such as the European common transit, within economically and financially integrated subregions, with the TIR supporting long-distance transit movement between regions. Therefore, various sub-regions of ESCAP could engage and reengineer their transit regime along the core principles of compliance, regulation of entry, and partnerships.

Moreover, freight train traffic on China-Europe railway routes along the Trans-Asian Railway has been increasing rapidly over past many years. Apart from the traditional route through Russian Federation rail routes now traverse through many Central Asian countries making rail transit an important issue for the countries. There is need to harmonize railway transit transport formalities to ensure that international railway transport is competitive and reliable.

Accordingly, the study aims to undertake comparative analysis of transport linkages between gateway ports and dry ports/inland areas in the LLDCs of the region with aim to recommend further measures to strengthen the transport connectivity making them more competitive in regional and global markets.

The study covers all LLDCs in the region (Afghanistan, Armenia, Azerbaijan, Bhutan, Kazakhstan, Kyrgyzstan, the Lao People's Democratic Republic, Mongolia, Nepal, Tajikistan, Turkmenistan, and Uzbekistan) and their relevant transit countries. Current practices are documented with a view to share experiences and challenges, provide information on good global practices on port-hinterland connectivity and recommend LLDC specific measures to boost these transport linkages.

The study report and recommendations for sustainable transport connectivity for LLDCs is prepared based on information collected from available resources and online research. The findings would also feed into the final review of the Vienna Programme of Action for LLDCs.

The study, therefore, intends to enhance the capacity of the LLDCs of the region to strengthen the sustainable transport connectivity between gateway ports in the transit countries and dry ports/inland destinations in LLDCs with an overall aim to enhance their competitiveness for them to benefit from regional and global markets.

The recommendations of the study also intent to support implementation of the ESCAP facilitated an intergovernmental agreement on International Road Transport along the Asian Highway Network in 2021 among China, Mongolia and Russian Federation and Mongolia

Further, it supports (a) implementation of Regional Action Programme (RAP) for Sustainable Transport Connectivity in Asia and the Pacific, phase I (2017-2021) (one of the thematic areas is on enhancing transport connectivity for LLDCs) and (b) the objectives of Vienna Programme of Action for LLDC (VPoA) to enhance the access of LLDCs to regional and global markets.