Measures Supporting Better Trade and Transport between Asia and Europe

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1. Introduction

Rapid growth in world trade requires considerable development and improvement in transportation system. The overall competitiveness in a global economy is limited when transport services are inadequate. An improved transportation and logistical network has the ability to reduce the regional price variability.
Within a Continuously expanding volume of international trade, The Asia-Pacific region has been the most dynamic region in the world. The demand for imports and exports of this major market is anticipated to grow even more in future years.

Over the last two decades, world trade has grown more than twice as fast as world gross domestic product (GDP) (Figure 1). During the 1990s, this trade growth coincided with even faster growth in expenditure on international transport. While exports increased by about 75 per cent, real expenditure on international transport more than doubled. The primary reason for this is greater demand for just-in-time (JIT) deliveries, which has increased the share of air transportation, as well as more frequent, more secure and more reliable multimodal door-to-door transport services, Furthermore, the proportion of overall logistics expenditure spent on transport has

increased in recent years, whereas that of warehousing and inventory financing has decreased.
Transportation and logistics' cost, raise the retail prices of the products shipped and handled this additional cost can be minimized if the transportation system improves enough to cover the forecasted demand.[5]
The goal of this paper is to provide guidelines for the creation of a better trade and transportation network between Asia and Europe.

Value, (Billion dollars)	**Destination**							
Origin	North America	South and Central America	Europe	CIS	Africa	Middle East	Asia	World
World	**2355**	**378**	**5118**	**290**	**283**	**381**	**2839**	**11783**
North America	905.3	107.3	279.3	8.3	21.7	42.1	314.1	1678.3
South and Central America	135.0	111.5	86.4	6.1	11.3	7.9	61.8	429.9
Europe	430.3	66.6	3651.5	141.6	120.2	128.9	366.4	4963.0
Commonwealth of Independent States (CIS)	24.2	7.6	264.5	80.3	5.7	13.3	45.6	425.6
Africa	79.8	11.3	148.1	1.4	32.8	6.3	72.6	363.3
Middle East	72.3	4.4	102.8	3.0	20.9	71.6	339.6	645.5
Asia	708.3	69.5	603.8	49.7	69.9	111.4	1638.5	3277.8

Table 1: Intra-and inter-regional merchandise trade, 2006[1]

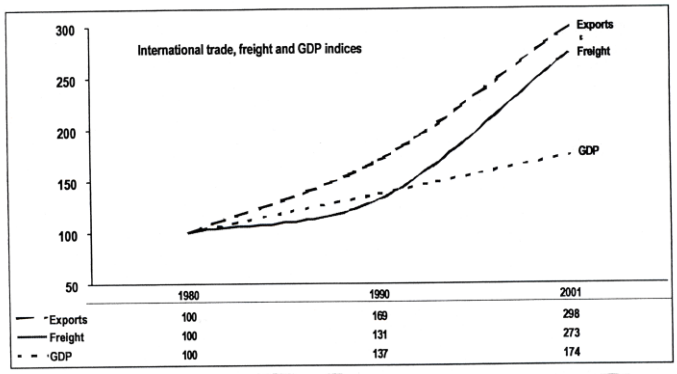

Figure 1: World growth of GDP, trade, and expenditure on international

2. International Transportation Corridors

Corridors are routes with high volume of cargo and passenger which play a great role in development of countries. Corridors are divided into National, Communities, Continental, Trans Continental, Land Bridge and Global Corridors. With a view to 21st century, also by considering the very rapid growth of developed countries, it is observed that many new corridors are being formed and constructed. Some of these corridors are as follows:

2.1. The Trans Asian Railway (East-West Corridor). This corridor is divided into three separated parts (Figure 2):

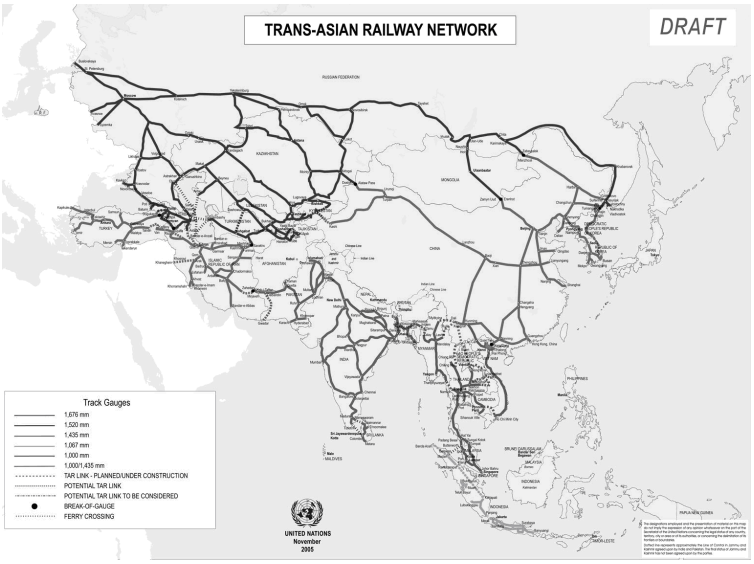

Figure 2: Trans-Asian Railway Network

a) **Northern** Branch operating since 1992 and covering 10,000 km. This corridor starts from China, crossing Russia towards Ukraine.

b) **Central** Branch operating since 1992 and covering 8,000 km .This corridor connects Ukraine to Eastern ports of China via Caspin Sea with changing of transportation mode.

c) **Southern** Branch operating since 1994 and is along the "Old Silk Road" from Chinese port via Kazakhstan/Turkmenistan/Iran to Europe. This corridor has already been a through infrastructure but it has to be developed (Figure 3).

Figure 3: Oldest transportation corridor, Silk Road

2.2. The North-South Corridor (NOSTRAC), It Starts from Northern Europe via Russia and Kazakhstan / Turkmenistan to Iran and Persian Gulf. This corridor is being identified and developed to secure the shortest rail and truck connection among the European and Asian countries (Figure 4).

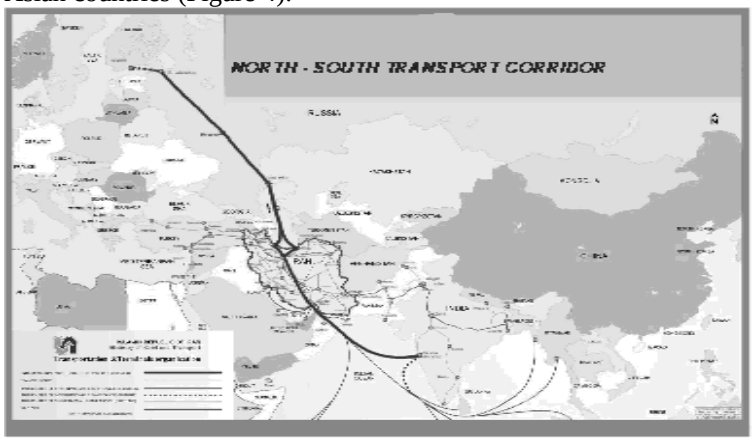

Figure 4: The North –South transport corridor

2.3. The TRACECA operating since 1993 and covering 8,000 Km. this corridor is from Bulgaria to China and use multimodal transportation for crossing Caspian Sea as shown in Figure (5).

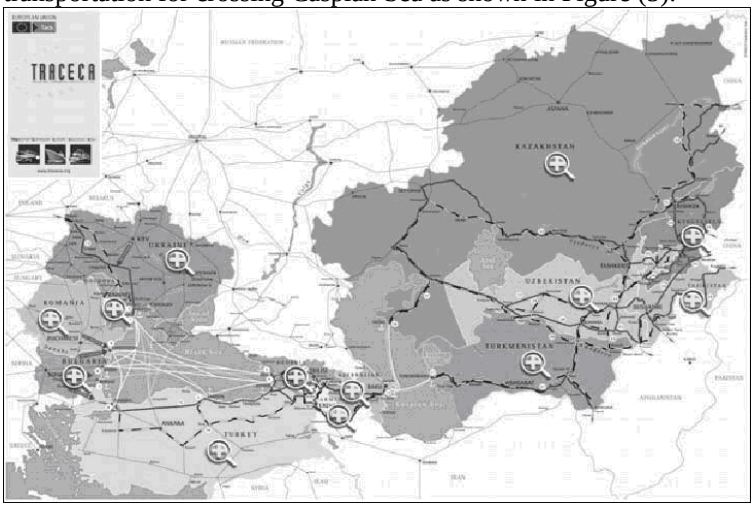

Figure 5: Transport Corridor, Europe, Caucasus, Asia, TRACECA

2.4. The Pan Asian Rail Link: Firstly envisaged as a connection between Singapore-Malaysia-Thailand-Cambodia-Vietnam-Myanmar-Laos-China with a subsequent connection to a new transcontinental railway corridor via Bangladesh-India-Pakistan-Iran to Europe (Figure 6).[4]

Figure 6: Asia land transportation infrastructure development

The war in Iraq has postponed the planned creation of a new international transport corridor "**Middle East - the Mediterranean Sea-Europe**".

The project of the corridor provides connection of railways of Iran, Iraq and Syria and creation of favorable conditions for transit transportations of cargoes and passengers from Central Asia to the Syrian port of Latakia located at the eastern coast of the Mediterranean sea.

At the first stage (2003) it was planned to construct two railways: Khorramshahr (Iran) - Basra (Iraq) [40 kilometers] and Deir-az - Zor (Syria) – Gaiim (Frontier of Iraq and Syria) [150 kilometers].

At the second stage (2004 - 2005) all transits were planned to carry out by new route: Tedzhen (Turkmenistan) - Sarakhs - Mashhad - Tehran - Arack - Hamedan -Kermanshah (Iran) -Khosrovi (in area of the Iranian city Ghasre - Shirin). It was planned to construct a new double-track railway, so-called "The Western railway " in Iran. The construction began in March, 5, 2002.[2]

It was planned to revitalize the old silk road as shown in Figure3.

3. INTERNATIONAL TRANSPORT NETWORKS AND INITIATIVES LINKING ASIA AND EUROPE.

To facilitate trade and transport between Asia and Europe, some organizations have developed several initiatives including infrastructure, software, and transport networks.

A) International Transport Networks supported by the United Nations System

- European Road Network (AGR)
- European Rail network: (AGC)
- European Combined Transport Network: (AGTC)
- European Inland Waterways: (AGN)
- UNESCAP Asian Highway (AH)
- UNESCAP Trans Asian Railway (TAR)
- UNECE Trans-European Motorway (TEM) Network
- UNECE Trans-European Railway (TER) Network
- European Union, Transport Corridor Europe-Caucasus-Asia (TRACECA)
- TEN-T: European Union, Trans-European Transport Networks
- European Commission, Transport Infrastructure Needs Assessment (TINA)

B) Other Related Transport Initiatives

- UNDP Silk Road Area Development Project (SRADP)
- World Bank, WB
- European Bank of Reconstruction and Development (EBRD)
- Asian Development Bank (ADB)
- Black sea Economic Cooperation (BSEC)
- Economic Cooperation Organization (ECO)
- Special Programme for the Economies of Central Asia (SPECA)
- International Union of Railways (UIC)
- Organisation for Railway Cooperation (OSJD)
- International Road Transport Union (IRU)
- Coordinating Transport Meeting of CIS countries[6]

4. Trade and transport Facilitation

Trade facilitation aims at developing a globally accepted, consistent, transparent and predictable environment for international trade transactions. It allows technologically lagging institutions in developing countries to be raised to the level of their more advanced trading partners. It benefits, not only from a country's trade but also becomes an important factor in the investment decisions of the private sector. It is based on internationally accepted customs and practices resulting from the simplification of formalities and procedures, the standardization of physical facilities and means, and the harmonization of applicable trade and transport laws and regulations.

In other word, trade facilitation is identification and removal of specific infrastructural, regulatory, procedural and documentary bottlenecks in the transport and trade processes that inhibit the seamless movement of goods, people and services and so causes the increasing of costs.

An UNCTAD study showed that, globally, Trade Facilitation could result in savings of up to $75 billion per year

4.1. Infrastructure

Transport infrastructure refers to *"hardware"*, including roads, railways, bridges, tunnels, ports (for maritime and inland water transport), airports, urban transport infrastructure (mass transit systems), dry ports and inland container depots (intermodal infrastructure). It also includes signage and traffic management systems. It does not include mobile equipment, except for trains.

Some Asian countries, particularly in East and South-East Asia, have been very successful in instrumentalizing transport for their overall national economic development. In fact, many East and South-East Asian countries have substantially expanded their transport infrastructure. Some countries Have doubled road network length over the past two decades. Some invested in road widening schemes which significantly increased capacity through increased total lane length. Yet, in most Asian countries, transport densities and effective network access levels are still much lower than in Europe or North America, implying a potential for further large transport infrastructure development.

Seaport and airport infrastructures have grown even faster. Port container traffic in the ESCAP region tripled in the 1990s. Today, Asian countries account for 26 per cent of world gross product but 62 percent of world container throughput. In the 1990s, port container traffic increased 23- fold in China, 5-fold in Malaysia and 4-fold in the Republic of Korea, Indonesia, Bangladesh and India, much faster than most countries of the rest of the world.

Aircraft departures in the region doubled between 1990 and 2000 and have tripled since 1980. In some emerging Asian economies, departures grew even faster, albeit from a low base. Between 1980 and 2000, departures increased 11-fold in China, 6-fold in the Republic of Korea and 4-fold in the Islamic Republic of Iran.

Intercity railway infrastructure has attracted comparatively less investment in Asian countries in recent years. Almost all the increase in Asian railway length occurred in China, with some expansion in Indonesia. India has undertaken a major gauge conversion program, while the Republic of Korea, Turkey, Malaysia and Japan made significant investments in electrification.

Major ongoing projects in Asia and CAR involve rehabilitation of existing infrastructure [3]. Need for improved institutional capacity and sustainable financing for infrastructure maintenance in Asia are serious [3].

4.2. Software and Institutional works

Software issues (logistics) create an environment conducive to investment in infrastructure, make the utilization of existing infrastructure more efficient (for example, repairs and maintenance) or facilitate the movement of goods, vehicles and people, thereby supporting trade, growth and mobility objectives. In other words, they have a direct bearing on type or volume of investments for hardware.
The recent introduction of information and communication technologies (ICT) into transport and logistics services is comparable to the introduction of containerization in previous decades. The digitization of trade and transport information tends to be more advanced in developed than in developing countries. ICT require investment in hardware and software as well as capacity development. Even though costly, such investment is a precondition

for transport and logistics service providers to be connected to global networks and remain competitive in today's trade environment.
Some applications of ICT which have already been used in several countries are such as installation of automated system for customs data (ASYCYDA) in 84 countries and application of advanced cargo information system (ACIS), in more then 18 countries.

4.2.1. The legal framework

Building an efficient and secure environment for trade and transport requires the existence of an appropriate and supportive legal environment. A legal framework that reflects technological developments and commercial practices and succeeds in creating certainty and predictability is a vital component of effective trade and transport facilitation. In contrast, and outdated, complex and fragmented legal framework creates uncertainty and increase transaction costs, as it leads to costly litigation and increased insurance costs.

The current international legal framework does not reflect technological developments or changing commercial practices. Despite the rapid growth of containerization and multimodal transport, no international uniform regime governing liability for such transportation is in force.

4.2.2. Regional Cooperation

To be fully effective, trade and transport facilitation measures must be based on globally accepted standards and applied in a regionally coordinated fashion. Coordinated policies extend to such initiatives as the standardization of tariff nomenclatures and customs and trade documents and procedures, improvement of cross-border cooperation, exchange of experiences between neighboring countries and implementation of transit trade agreements. Such cooperation is designed to strengthen the implementation of transit trade corridors and establish mutually acceptable transit procedures and operations. It also stresses the need to develop and strengthen networking among related institutional support structures; to adopt an integrated approach to policy-making at the national, regional and local levels for transport services and systems; and to promote partnerships for

the development of sustainable, energy-efficient multi-modal transportation systems.

4.2.3. International Cooperation

International cooperation in transport and trade facilitation should be strengthened to increase efficiency in beneficiary countries, in particular in low developing countries. Policy programs should be developed with the objective of providing developing countries with sustainable capacity to plan and implement trade and transport facilitation initiatives. The creation of local trade and transport facilitation platforms is part of comprehensive institution-building programs that would form the basis for the promotion of partnerships in maritime, inland and border trading communities. They would operate national information and communication systems for trade and transport monitoring and establish regional trade and transport facilitation knowledge management networks linking public and private trading communities.

4.2.4.Global Facilitation Partnership for Transportation and Trade

To address the issues and problems associated with the trade and transport it is required to establish a global initiative to advantage of the current variety of trade facilitation measures designed and implemented by different international and intergovernmental institutions and by interested parties in trade and transport at the multilateral, regional, national and local levels. The Global Facilitation Partnership for Transportation and Trade (GEP) is such and initiative. It was first launched in 1999 by the World Bank, in cooperation with various international institutions, including UNCTAD. It aims to foster export-led growth and poverty reduction by promoting trade facilitation, uniting the efforts of all interested parties, public and private, national and international, interested in helping to achieve significant improvements in transport and trade facilitation in developing countries and countries in transition.

Concrete activities of the partnership include the preparation of trade and transport facilitation audits, with related action plans; development of performance indicators; design of software to measure customs clearance time; a number of distance learning

programs, support for dissemination efforts; and research on the cost and impact of trade and transport facilitation measures. The success of these activities will be the result of contributions from all sectors and countries, as a secure and efficient global trade environment will benefit transport users and service providers every where .

5. Conclusions

Based on the research and information provided in this paper, it is evident that the trade and transport facilitation can considerably save the trade and transportation costs. To achieve the objectives of TTF the following recommendation are made:

-Increasing the level of infrastructure to facilitate transit,

--Modernize and harmonize regulatory, institutional and managerial systems

-Streamlining of national procedures, rules and regulations using international instruments, standards and recommendations**,**

-Working on international legal framework. Negotiation and adoption of the legal instruments and legislative work to translate and internalize the legal instruments into national legislation

-Increasing financial support at regional and sub-regional level for transit promotion

-Construct , maintain and improve transport , storage and other transit-related facilities including alternative routs and improved communications

-Create logistics centers offering efficient clearing, forwarding, and multi-modal services,

-Improve border crossing facilities,

-Integrate domestic transport networks with international trade corridors,

-Monitor corridor performance through transparent measures,

-Close cooperation with the neighboring countries,

-Observance of international agreements and regulations on TTF (WTO, TIR),

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