

# EXPLORING THE NORTHERN DIMENSION

Northern Dimension Institute

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## Ensuring the Sustainability of Euro-Asian Transport Connections

Growth in Euro-Asian trade and rising international interest to the Arctic have generated several initiatives to develop the land and Arctic maritime connections between Europe and Asia. Opening of new routes and increase in transportation capacities of existing ones are bringing social, economic and environmental impacts to the Northern Dimension (ND) area as well.

The ND Future Forum on Transport<sup>1</sup> discussed implications of the emergence of new Euro-Asian land and Arctic maritime connections to the NDI area. The forum concluded that

\* Sustainable development of Euro-Asian transport connections requires partnership and dialogue between all parties involved, including the EU, Russia, other ND countries, and Asian countries such as China, Japan and South Korea

\* International regulation and utilization of modern technologies are needed to improve traffic safety and to control environmental risks caused by increasing traffic. This is particularly important in the Arctic with its fragile ecosystem.

\* The ND Partnership on Transport and Logistics (NDPTL) offers a platform for dialogue in the ND area on an equal footing. It could be utilized to exchange information on investment plans and to facilitate coordinated action in the ND area, and thereby contribute to the aim of the European Commission on having a common European approach to global connectivity development.

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<sup>1</sup> The Forum, organized by the Northern Dimension Institute, took place on 20 November 2018 in Brussels. It brought together top researchers, decision-makers and leading transport companies to discuss the future developments in land and Arctic maritime connections between Europe and Asia. For more information visit <http://www.northerndimension.info/news/news/823-emerging-euro-asian-land-and-arctic-maritime-trade-routes-open-new-business-opportunities>

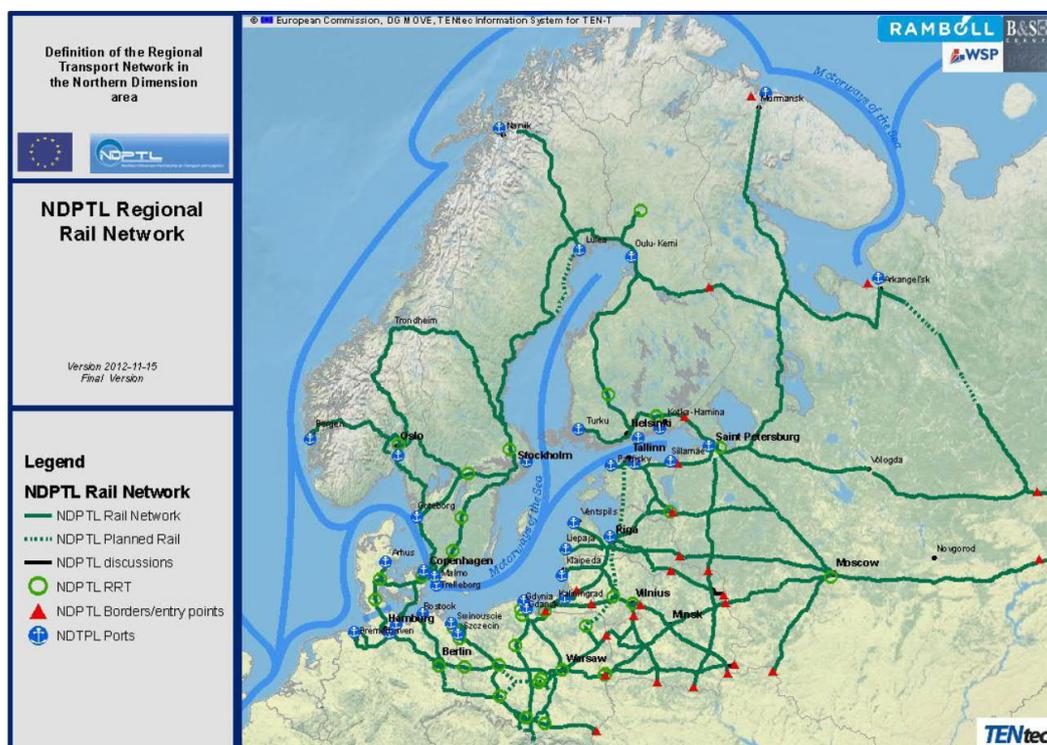
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## Growth in Euro-Asian trade and rising interest in the Arctic call for coordinated policies

Trade volumes between EU and Asia, particularly China, are constantly growing, which challenges the capacity of existing Euro-Asian land and maritime connections. Together with trends in global logistics, such as increasing interest in multimodal solutions, this creates a need to improve existing transportation infrastructure, and opens up opportunities for the development of new routes.

The increase in EU-Asia trade volumes affects countries located along Northern and Southern routes alike, but specific feature of the ND area is its proximity to the Arctic with its fragile ecosystem. The rising international interest in the natural resources of the Arctic together with its improving accessibility due to changing climate conditions are expected to increase traffic in this area. This surges the need for policies that ensure the social, economic and environmental sustainability of transportation infrastructure in the ND area. Future transportation solutions need to be developed in a manner that are cost-effective, safe and environmentally friendly.

The complexity of the Europe-Asia transportation architecture implies that policy-making in the ND area needs to take into account the interests of national, regional, EU-level and external parties. For example, many of the planned transport and logistics investments to the ND area are linked to China's Belt and Road Initiative. Aligning of sometimes competing interests of different players is not an easy task. Yet, risks associated with increasing transportation volumes are shared, which serves a motivation to jointly develop solutions that help improving the safety and sustainability of Euro-Asian transport connections.



Source: Alain Baron NDPTL : strengthening the transport system of the Northern Dimension. European Commission, Directorate General for Mobility and Transport (DG MOVE) (<http://www.nspa-network.eu/media/9008/baron.pdf>)

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### Tackling jointly common challenges

The ND Future Forum on Transport<sup>2</sup> gathered top researchers, decision-makers and leading transport companies to discuss current and future developments in land and Arctic maritime connections between Europe and Asia. Presentations painted a picture of various initiatives to develop these connections, highlighted their challenges, and suggested solutions to tackle them.

Safety of transportation is a multi-faceted issue that calls for coordinated effort from ND area countries, businesses and research. Examples include:

- Controlling ecological risks following the more intense use of the Northern Sea Route (NSR) for oil transportation. This can be improved by utilizing cutting-edge science and technology to ensure the reliability of voyage planning and vessel rescue systems, and engaging ND area governments and businesses to this effort. The implementation of the Polar Code also needs to be monitored.
- Improving traffic safety along land routes connecting EU and Asia via ND area. Joint projects on, for example, testing of compatibility of EU and Russian emergency call systems have contributed to this.
- Incorporating political risk arising from instability in countries along alternative transportation routes into cost-benefit assessments presented to corporate decision makers and policy makers. This calls for continuous monitoring and analysis of the political environment beyond the ND area.

Discrepancies in the regulation of transportation both within the ND area and between the EU and its Southern and Eastern neighbors cause bottlenecks at border crossing points and add transportation costs. Potential solutions include:

- Harmonization of regulatory infrastructure requirements concerning issues such as length of trains, electrification, axle load and gauges. This calls for dialogue between regulatory bodies and the exploitation of modern technological solutions that are available, for example, for changing gauges.<sup>3</sup>
- Harmonization of border-crossing procedures. Dissemination of good practices applied at EU's external border-crossing points in the ND area can contribute towards this aim.

Uncertainties related to Asian countries' governmental policies relevant to transportation, such as

- The stability and possible expansion of Chinese subsidies to Asia-Europe rail transport, which is a key issue for the future transit flows. ND area decision-makers need to stay informed about the policy developments in Asia to incorporate these uncertainties into their future scenarios.<sup>3</sup>
- Chinese and other Asian initiatives to develop new Euro-Asian transport routes, which are likely re-direct transportation from existing routes but also provide new opportunities to connect ND area transportation networks to the global network. The exploitation of these opportunities calls for alignment of local development initiatives with external ones.

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<sup>3</sup> See also <http://pure.iiasa.ac.at/id/eprint/15271/13/1-Trans-Eurasian%20Land%20Transport%20Corridors.pdf>

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### Sustainable development of transport connections requires partnership and dialogue

European and Asian actors, such as the EU, Russia and the Eurasian Union that it leads, and Asian countries such as China, Japan and South Korea share the interest to develop efficient and compatible trade routes between Europe and Asia. Creating synergies between different initiatives is essential in order to ensure the sustainable development of connectivity that benefits all parties.

The sustainability of Euro-Asian transport connections calls for improving the safety of transportation, harmonizing regulation, and aligning interests of different parties and initiatives:

- International regulation and utilization of modern technologies are needed to improve traffic safety and to control environmental risks caused by increasing traffic. This is particularly important in the Arctic with its fragile ecosystem. ND area governments need to monitor the implementation of international conventions such as the Polar Code, and promote joint initiatives that aim at the harmonization of traffic safety systems within the ND area.
- Harmonization of regulation of transportation both within the ND area and between the EU and its Southern and Eastern neighbors is needed to remove bottlenecks and thereby improve the economic sustainability of connections. This call for a dialogue between regulatory bodies, exchange and dissemination of good practices, and the exploitation of modern technological solutions.
- The ND Partnership on Transport and Logistics (NDPTL) offers a platform for dialogue in the ND area on an equal footing. It could be utilized to exchange information on investment plans and to facilitate coordinated action in the ND area, and thereby contribute to the aim of the European Commission on having a common European approach to global connectivity development.
- Scenarios related to the future development of Euro-Asian transportation, including the competitiveness of alternative routes, need to take a holistic approach that takes into account environmental and political uncertainties in the countries along the routes. Corporate and public policy-makers could exploit more effectively ND area universities' expertise on these issues.

The ND Future Forum on Transport participants will continue working toward contributing to these aims.

### Further information

Presentations and summary of the Northern Dimension Future Forum on Transport are available at

<http://www.northerndimension.info/news/news/823-emerging-euro-asian-land-and-arctic-maritime-trade-routes-open-new-business-opportunities>

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