Crossing continents: How new routes and technology can improve surface transport

Hall 2, Level +1

Wednesday, May 27, 2015, 11:00 - 12:30

This session explored the new role of surface transport and how to best connect it with other modes. It questioned the potential of these new routes, demonstrated that they can be successful, but concluded that a lot remains to be done to benefit fully from the advantages of long distance surface freight transport, and especially rail.

Surface transport is proving to be competitive on several new continent-crossing routes. Train operators now offer services between China and Europe while revitalisation of the Silk Road aims to link Asia and Europe and all the major markets in between. As an intermediate in terms of price and speed between air and maritime transport, these new options complement the current mode mix while enabling landlocked countries to connect with global supply chains, also generating new strategic logistic hub investments.

The market potential for such new routes is not yet fully evident. However, they are likely to redefine the optimal role of each mode and to have effects on maritime and air transport. The development of a multi-modal freight hub in the Arabian Peninsula, or the major infrastructure development undertaken by Morocco for instance, could have deep repercussions on the way goods move between Europe, Africa and Asia.

Freight volumes are predicted to increase fourfold by 2050 and trade patterns will shift dramatically with the economic centre of gravity of the world moving east. The changes will affect all areas of the world and all modes. It will be necessary to try and manage these changes rather than suffering from their consequences. In this respect, infrastructure development is crucial, especially in Africa where the state of infrastructure is often dire. However, for investments to go to a country, investors need to be reassured that they will make returns, which can only happen in conditions of peace and political stability. The potential of independent infrastructure planning and funding bodies to achieve implementation of infrastructure plans and ensure good public governance was highlighted by panelists.

Shifts in trade patterns can also be more subtle. In China, the relocation of production centers further away from the coast has pushed the development of the rail link between Asia and Europe. These services are proving increasingly popular, however, developing a rail link that crosses many borders and goes through mountainous areas or deserts is a difficult task. Transport and logistics in Eurasia is characterised not only by physical barriers and infrastructure gaps between countries with poor transport infrastructure, but also with non-physical barriers related to the absence of harmonised law or inefficient customs procedures. Improving surface transport, in terms of travel time and reliability requires
coordination between all stakeholders, countries, shippers and logistics specialists. The question of trust, between the different logistics partners and between the transport provider and its customers, is also key to the success of new services.

Rail clearly has an added value for long distance surface transport, as it is potentially faster and cleaner than trucks. However, developing this mode further will require work on the inter-operability, both technical, e.g. rail gauge, and administrative. This goes back to another backbone of efficient long-distance trade and transport, which is the development of efficient soft infrastructure -- customs and regulation.

From an industrial supplier’s perspective, the most important aspects of any logistics solution are reliability, service quality and cost. Global supply chain players are also looking for more sustainable supply chains. These rely on the optimal use and optimal combination of all modes. A successful example can be found in North America, where continuous rail links between Mexico, the USA and Canada has helped decrease CO2 emissions while proving popular among shippers, because of its cost efficiency and reliability. Finally, new technology will also change significantly, and sometimes reduce, trade flows. For instance, 3D printing technology will allow production onsite and will diminish the need for transport, especially for replacement parts.

Quotes:
“We need to try and manage changes (to trade patterns), rather than suffer from their consequences.”
Najib Boulif, Deputy Minister of Transport, Ministry of Equipment, Transport and Logistics, Morocco.

“We (in rail) have to deal with many different standards. The basic concept is standardisation.”
Jean-Pierre Loubinoux, Director General UIC.

“Technology development will impact mobility and the use of the different transport modes.”
Najib Boulif, Deputy Minister of Transport, Ministry of Equipment, Transport and Logistics, Morocco.

Related information:
Long Distance Trade (ITF Annual Consultation Day with International Organisations 2015)
Transport and Trade: Connecting Continents Summary of KOTI-ITF Seminar, Seoul, 24 March 2015
International Freight and Related CO Emissions by 2050: A New Modelling Tool, ITF, 2014
Transport and International Trade

Land Transport Options between Europe and Asia: Commercial Feasibility Study, US Chamber of Commerce, 2006

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Speaker

Mohamed Najib Boulif
Deputy Minister of Transport
Ministry of Equipment, Transport and Logistics, Morocco

Prior to becoming Deputy Minister of Transport, Mohamed Najib Boulif was Deputy Minister for General Affairs and Governance from 2012 to 2013. Boulif has been a Deputy in the House of Representatives since 2002, having been re-elected in 2011, where he is Vice President of the Economic Commission and President of the Morocco-Turkey Group. He is a Member of the Parliamentary Assembly for the French-speaking world and a Founding Member of the World Forum for Islamic Parliamentary Representatives. Boulif is also a Member of the Organization for Security and Co-operation in Europe (OSCE) and holds a Doctoral Degree from the University of Paris II.

Speaker

Uwe Leuschner
Vice-President Business Development East
DB Schenker Rail AG

Uwe Leuschner is Vice-President of Business Development for DB Schenker Rail in the Commonwealth of Independent States of the former Soviet Union (CIS) and Central Asia. He is also General Manager of Railion Russja Services Moscow, a DB Schenker Rail subsidiary and leading European freight provider. From 2011 to 2014 Leuschner was Vice President of DB Schenker Logistics in CIS and Central Asia. He leads the foreign logistics committee of the Russian Chamber of Commerce. Previously, Leuschner was General Manager of REWICO International, which he built from the mid-1990s into a network of medium-sized logistics providers in Eastern Europe, CIS and China.
Jean-Luc di Paola-Galloni is Vice-President, Sustainable Development and External Affairs at Valeo, a global industrial group focused on the design, production and sale of automotive components, integrated systems and modules. Di Paola-Galloni joined Valeo in 2006 as the CEO's delegate and member of the executive committee. After six years as Vice-Chairman, in 2014 he became acting chairman of European Road Transport Research Advisory Council (ERTRAC) the main automotive technology platform on collaborative research of the EU Commission and its related PPP European Green Vehicle Initiative (EGVI).

Jean-Pierre Loubinoux was appointed Director-General of the International Union of Railways (UIC), the worldwide association representing the rail sector and encompassing 240 railways across all continents, in March 2009. His mandate was renewed at the December 2013 UIC General Assembly in Paris and is set to run until 2015. Prior to joining UIC, has was Chairman and CEO of French railways SNCF International and SNCF Director of International Development from 2001 to 2009, having been appointed Chief Executive of SNCF Freight International in 2001. Before joining the SNCF Freight Department where he successively managed the Coal-Steel Business Unit and the Human Resources, Data Processing and Finance Department, Jean-Pierre Loubinoux held various responsibilities including Director of the SNCF General Delegation in North-America and Chief Executive of French Railways UK Ltd in Britain.

Jaehak Oh is Vice President and Director of National Transport Strategy Planning at the Korea Transport Institute (KOTI). During the last 20 years, he has project managed more than 60 of KOTI’s transport projects. From 2006 to 2011, Oh was the project manager of the national research and development project "Transport Connectivity and Transfer Technology Development." He has played a key role in innovating transport systems for green growth and formulating infrastructure policies for the Korean government. Since 2009, Oh has been the research project manager for High-Speed Railway (KTX) economic development project which aims to promote regional and urban development through KTX station area development.
Elisif Elvinsdotter is a Swedish TV and radio journalist with broad experience from some of Sweden’s top news and current affairs programmes. She has been the anchor for Sweden’s no. 1 investigative programme, Uppdrag Gransknings, as well as the host of both commercial TV4 and public SVT’s morning show. Since 2009 she has worked as a professional moderator, specialising in transport and business issues. In 2011 she was given an honorary award for “Best moderator” in Sweden. Her clients include EY, VTI and a number of governmental departments and institutions.