



Intergovernmental Organisation for international Carriage by Rail

News ticker

+++ Georgia, 48th Member State since 1 May
 +++ Azerbaijan: participating as observer in OTIF organs prior to awaited accession +++ in 2012, OSJD will examine the option of legal alignment with RID +++ 5th session of OTIF's Committee of Technical Experts in May about to adopt the so-called "freight package" (technical prescriptions on wagons and noise) +++ OTIF legal service fuelling discussions in CIT on legal framework for replacing paper documentation by electronic means +++ Secretary General accepted GCC invitation to extensive talks on possibilities for cooperation in Abu Dhabi at the end of March +++ on 23 and 24 February, Rail Facilitation Committee discussed possible options for action to speed up border crossing procedures for Eurasian rail freight traffic +++ high-ranking OTIF delegation took part in talks in Islamabad at the beginning of December 2011 to prepare Pakistan's accession +++

DOSSIER POLITIQUE

GLOBAL RAIL FREIGHT TRAFFIC ? A SIMPLE MATTER OF MOTIVATION

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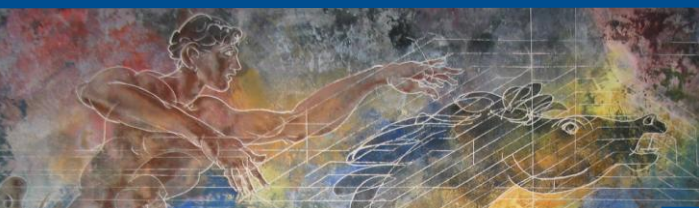
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ARABIAN PENINSULA

GCC North-South axis

An iron transport artery for growth and prosperity

Motivation The boom in rail freight traffic in the Member States of Cooperation Council for the Arab States of the Gulf (GCC) is not due primarily to a broadening of awareness in terms of environmental policy. The soaring construction boom in railway infrastructure is motivated mainly by geostrategic and trade policy considerations.

In particular, the planned GCC Railway stretching more than 2200 km, which will connect Oman to Saudi Arabia via the United Arab Emirates, connecting also Qatar, Bahrain and Kuwait, will play a key role as a “crisis resistant” bypass for the Strait of Hormuz, the world’s most important transit bottleneck for oil and gas, for the Indian Ocean and for the Red Sea.

In view of the many tensions and the development of trade-inhibiting political risk factors in the Gulf of Oman, the Arabian Sea and the Gulf of Aden, the construction projects to develop rail freight traffic to create reliable goods transport by rail might appear to be long overdue. This is in a region which depends upon commodity trading like few others and which wishes to free itself from the almost total dependence on commodity exports and trade in a coordinated manner as a sort of regional economic integration organisation.

However, a key issue for the success of this project for “independence” in terms of freeing itself from the tensions with Iran and from the problem of piracy around the Horn of Africa is to establish reliable rail freight transport connections to Europe and Asia. These cannot by-

pass the OTIF Member States Jordan and Turkey, and above all Syria. For reasons of their own trading interests alone, the States that are members of the Gulf Cooperation Council cannot “afford” either the international agitations surrounding Iran or the political positioning in the “Syria case” which has been forced by the international community. In many respects, it is in the interests of the GCC that the political and social situation in the Middle East and towards Asia stabilises and becomes less tense on a permanent basis.

If the aim were to carry considerable quantities of raw materials internationally, this would require very good partnerships with all the transit and destination countries. The logistical organisation of a reliable supply chain in this case is considerably more elaborate and complicated than is the case for maritime transport. Enduring long waiting times for trains at “transit borders” and slotting in the smooth return transport of wagons and transport containers can in itself present insurmountable obstacles, resulting in losses.

What has still not been taken into account is whether the quantities expected can be dealt with at all. This means that the so-called “land bridge” on the Arabian Peninsula, which connects Jeddah with Riyadh, Jubal and Dammam and which will be linked to the North-South railway to the border with Jordan become more important for freight transport. The role the port of Jeddah could assume in the overall network of the Gulf region, at least for traffic in the direction of the Mediterranean through the Suez Canal, might possibly have to be re-assessed in future.

It is perhaps for reasons other than those connected with their own financial weight, for example factors

outside the GCC that are hard to weigh up, that foreign involvement seems to be concentrated more at the level of engineering and technical planning services, rather than at the level of logistical and operational challenges.

EURASIAN TRANSPORT

Competition in the trade route monopoly

Diversification reinforces one’s own position

Strategy It is also the trade in raw materials brought about by Russia and China for which “own” trade and transport networks must be spun and secured, including outside of their own territories.

With regard to reducing the trade routes’ dependence in maritime transport and above all with regard to endeavours of other States, they are a few steps ahead of the GCC. For years, strategic measures have been and still are implemented by means of targeted investments in foreign transport infrastructures and undertakings which, for external observers, do not always seem to make immediate sense. The measures are aimed at ensuring that the demand for raw materials is met and that they are transported reliably to the home market. The most obvious investments have been those in port facilities. Important trade routes are gradually being marked out and safeguarded with “monopoly flags”, so ultimately, all precautions are being taken to meet the demand for raw materials in the future.

For example, China has virtually “built” the ports of Sittwe in Myanmar, Chittagong in Bangladesh, Hambantota in Sri Lanka and Gwadar in Pakistan. This is exactly where China wants to go, e.g. to



Pakistan's port, by rail from Peking via Urumqi. Clearly the existing rail route to Iran also plays a major role in the distribution of raw materials.

On the other hand, Russia is looking for a number of routes through States which had been part of the former Soviet Union to Iran, some of them unobtrusive. Together with Japan and South Korea, there are also prospects to develop national transport infrastructures in the Far East.

These might concern the port of Vladivostok, which, with help from Japan and South Korea, could be developed further. In return, according to a statement by an advisor to the Kremlin, the Russian Federation intends to hold out the prospect of financial support to potential partners in connection with developing its domestic infrastructure. According to press reports, Moscow is prepared to accept costs of several billion US dollars for this in the framework of so-called "commerce projects". What is clear is that the main concern in all this is to direct Eurasian rail freight traffic from Vladivostok via the national transport network and to attract traffic from transport routes through other states. In this way, another foundation stone could be laid to extend and secure a type of Transsiberian priority?

In view of the complex and tense geostrategic relationships, the chances of success are not that bad.

SOUTH-ASIAN TRANSPORT

Between principle & reason

When two fight, the third rejoices

Dilemma To all appearances, the Indian Government has difficulty in identifying common interests with its neighbours and in moving towards a strong south Asian economic area based on good trading relations. There appears to be scepticism in relation to Pakistan, China and Bangladesh, which leaves the potential for fostering rail transport that exists lying fallow. International relations between these countries are characterised by a

great deal of caution. While Pakistan has developed rail freight transport from Islamabad to Is-





dependence upon its neighbours and the sea, by helping to fund the construction of railway infrastructure in Iran. The intention behind this might be to gain access to the railway infrastructure in the direction of Asia using shipping routes via Bandar Abbas. This is in addition a foundation stone in the process towards achieving global player status for Iran.

Of course there are railway connections to Bangladesh and the



Railway lines & projects
 ———— ······
Strategic prospects
 ······
 ★ Chinese “built” ports
 ● Major Chinese ports
 ● some cities/ports

Chinese built port of Chitagong, but the press in Asia paints a picture of great dissatisfaction with

the rate of usage and handling of goods traffic – on both “sides”. But this only seems partly to be due to the lack of common technical standards for railway infrastructure and rolling stock. Administrative procedures in day to day routine border crossing also seem to demonstrate considerable weaknesses.

However, cooperation between India and its neighbour, Bangladesh, no longer seems to be out of the question completely. But it should also be noted that their neighbour, China, is always ready to jump in as soon as the first difficult processes of cooperation begin to stall.

This is also shown by the example in which India vouchsafed its neighbour 1 billion US dollars as a contribution to redeveloping the national railway infrastructure to relieve commuter traffic in Bangladesh – an absolute novelty (including in terms of the amount). Certainly the Bangladeshi Minister for Railways used the Indian media to call upon his Indian counterpart not to delay release of the funds any longer. Apparently, there is a great deal of displeasure that the promised credit has not been released because of “administrative formalities”. The Chinese Government has already signalled that it is prepared to get on board the project.

GOODS BY RAIL

Transport policy vs. International transport strategy

Winners and losers in the trade route monopoly?

Transport strategy Even if the aim here is not to redefine the political map in terms of who controls the trade routes, one thing is certain: in Europe, transport policy is conducted for Europe. The “international railway policy” branch is

therefore more of a “short range” programme aimed primarily at harmonising safety and other standards. Shifting passenger traffic from road to rail seems to be at the heart of investment endeavours. Transport policy, however, also has to be capable of one thing: in the context of harmonisation – and not according to the principle of the interoperable cooperation of different systems and authorities – it has to be able to function in the same manner, and commercially, it has to be structured in accordance with the same model. In the process, the real purpose of the exercise seems to have got lost.

Outside Europe, a really complex multimodal transport strategy is followed, and this has to be capable of one thing as well: transporting goods and reducing dependencies. In the process, rail freight traffic is a substantial part of a geostrategic game of chess in the race to win the distribution routes for raw materials.

In the intermodal connection with maritime transport to ensure the transport of raw and other materials, this national policy ascribes a notable role to the railways, which are able to move more than the environmental and modal shift vision of matters might trigger.

In the European Union (EU), diversification of policy fields seems to capture all the attention and take up all the capacity in such a way that the overview of the potential for cooperative transport policy “integration” with other regions, such as Arab and Eurasian States, remains hidden in the blind spot.

In the long term, this attitude will unfortunately mean that the EU and its Member States will not be able to draft and conduct a “foreign” transport policy in the rail sector



early enough. Confronting others with the so-called “acquis communautaire” will probably not turn out to be very helpful.

In this respect too, the EU’s membership in OTIF provides the very obvious opportunity to use the Organisation’s knowledge and experience to cover this “exposed flank”.

What is also striking is – also of sight from Europe – that there seems to be no way of bypassing Iran and Syria (members of OTIF). Unfortunately, this possibility of using the route to cooperation and of working on designing smooth, long-distance rail freight traffic under the auspices of an international organisation, whose task is to do everything to promote international rail freight transport, is also not made use of.

OTIF

Supranational platform for rail transport policy

In the patient expectation of being discovered by its Member States

Apart from the industry, which, according to its own rule of the market, is strengthening globalisation vertically – with an ongoing geographical correction – there seems at present to be no motivation outside of OTIF to promote global rail freight transport by creating the basic conditions necessary for it to be reliable. Moreover, this is a point which currently seems to concern all 48 Member States of the Organisation equally and without exception.

If such promotion were to take place, international cooperation in the rail sector and an infrastructure connecting countries together could provide for an extremely stabilising

and even peace-promoting impetus, including in terms of the future need to distribute raw materials that are in increasingly short supply.

Doing away with waiting times at border crossings in transit, which has been overdue for decades, should be dealt with at supranational level. Exactly this is provided for by OTIF as the only organisation for international carriage by rail with intergovernmental status. ■

OTIF in brief

The Intergovernmental Organisation for International Carriage by Rail (OTIF) currently has 48 Member States (Europe, Near/Middle East and North Africa).

At present, international carriage by rail on railway infrastructure of around 250,000 km and the complementary carriage of freight and passengers on several thousand kilometres of shipping routes, inland waterways and (in domestic carriage) roads are concerned by the uniform law created by OTIF. The headquarters of the Organisation are in Berne, Switzerland.

For further information

see www.otif.org -

[General Information](http://www.otif.org)