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Thematic session 3:
**Sustainable transport and connectivity, including rural areas
and countries in special situations**

Concept note

I. Introduction

Sustainable transport is crucial for sustainable development and enables connectivity at all levels. It allows for the mobility of passengers and freight, gives people access to the services, goods, jobs, and social connections that make full lives and livelihoods possible, and as such, a sustainable transport system is critical to ensuring that no one is left behind. Sustainable transport can connect remote rural communities and plays a crucial role in connecting countries, especially countries in special situations, to global markets, promoting trade opportunities and stimulating economic growth. In a globalized and interdependent world, it underpins supply chains and can enhance their efficiency (e.g., through integrated intermodal transport systems). One study found that a 10% improvement in transport efficiency achieved through improved supply-chain connectivity in the APEC region, generated over US\$21 billion additional GDP. At the same time, transport activity, which grows in tandem with global production and population as well as world economy and trade, correlates with negative societal and environmental externalities, such as GHG emissions.

While connectivity through sustainable transport can be a game changer for rural communities, with the development of rural infrastructure and rural-urban interlinkages playing an important role in reducing poverty and fostering economic growth, many rural areas remain unconnected. Countries in special situations, namely Least Developed Countries (LDCs), small island developing States (SIDS), and landlocked developing countries (LLDCs), face myriad challenges as they pursue sustainable development, such as geographic, capacity, and economic constraints, and in many cases, transport is central to both their challenges and potential solutions. Often, the same countries that are most severely affected by the impacts of climate change and/or global crises, such as the COVID-19 pandemic, are also the ones that are confronted with the highest international transport costs and lowest transport connectivity indicators. For many of them, as well as for African countries and conflict- and post-conflict countries, sustainable transport is a lifeline.

This session will take a deep dive into the nexus of sustainable transport and connectivity, with a particular focus on rural areas, countries in special situations and connectivity issues, including freight issues.

II. Stocktaking

As of today, adequate global connectivity through sustainable transport systems has not been reached.

Regarding rural areas, SDG target 9.1¹ through its indicator 9.1.1, aims to measure “the proportion of the rural population who live within 2 km of an all-season road”. Current estimates suggest that over a billion people still lack access to an all-weather road and adequate transport services², which represents a major barrier to social and economic development. Remote rural areas are especially disadvantaged as they are often weakly or not at all connected to regional and national transport networks. In Africa, for example, about 450 million people, or more than 70 percent of its total rural population, are estimated to remain unconnected to transport infrastructure and systems.³ Where broadband internet or even mobile telephone networks are accessible and reliable, they may to some degree compensate for physical remoteness, but they are a very imperfect substitute for access to equipped medical facilities and other basic services.

Countries in special situations, especially SIDS and LLDCs, are faced with a vicious cycle, where low transport connectivity makes their trade uncompetitive, and the resulting low trade volumes lead to diseconomies of scale and stagnating connectivity levels, further hampering their development. For them, sustainable transport is a prerequisite for overcoming their unique challenges and vulnerabilities, but many challenges remain. In most LDCs, road and rail infrastructure remain rudimentary, and they experience low global air freight and container port traffic. For LLDCs, lack of territorial access to the sea, remoteness, and isolation from world markets and high transit costs continue to impose serious constraints on their overall socio-economic development. They also face obstacles in terms both of “hard” infrastructure (e.g., physical barriers, infrastructure maintenance), and “soft” infrastructure, including regulatory frameworks, institutions, and processes (e.g., customs controls, safety, security, cross-border restrictions, standards, coordination, financing, etc.), as well as operations (e.g., interoperability, working hours, operational practices), and information and communication systems. LLDCs are also reliant on transport infrastructure of neighboring transit countries that are oftentimes also developing countries with poor transport infrastructure. LLDCs and transit countries are affected by climate change and increased occurrences of extreme weather events that destroy their transport infrastructure, thus underscoring the need to increase resilience. Some progress has been made in transit corridor development, signing of bilateral, regional, and sub-regional agreements and cooperative transboundary infrastructure development.⁴ However, LLDCs still face financial and technical capacity constraints in closing the transport infrastructure gap. SIDS are characterized by relatively small size, remoteness from major trade hubs and international transport networks, and vulnerability to external economic and

¹ Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

² World Bank website. *Transport*. Available at: <https://www.worldbank.org/en/topic/transport/overview>.

³ Sustainable Mobility for All. *Global Mobility Report 2017*. 2017. Available at: <http://sum4all.org/publications/global-mobility-report-2017>.

⁴ See for example: Asian Highway network, Trans Asian Railway network, Arab Railway and Road Networks, and Trans-African Highway.

environmental shocks—particularly those related to climate change—and they face disproportionately high transport costs. For example, a typical SIDS pays on average twice as much for the transport of its imports than the typical developed country. As a result, they remain among the least connected countries.

In addition, the various modes of transport contribute to global connectivity in different ways. While maritime transport is the main transport mode for global trade with over 80 per cent of global trade by volume and about 70 per cent of global trade by value carried by sea, connectivity remains largely road-centric for short to medium distances within and across countries. The role of road transport as the main vehicle for domestic and intra-regional connectivity is unlikely to decline in the foreseeable future. At the same time, prompted by growing transport demand arising from intraregional and interregional trade and renewed policy attention to revitalizing railways for long-distance freight transport, the use of trains (e.g., between Europe and Asia) has been growing exponentially over the past few years. While efforts have been mostly focused on improving operational efficiency, a significant increase in container transport by rail critically depends on freight trains being economical, reliable, and predictable; strengthening port-hinterland connections by rail; and strategically locating intermodal and logistics facilities. Aviation is supporting global supply chains as well as global tourism – of crucial importance for many countries in special situations. Before the COVID-19 pandemic, global freight demand was expected to triple between 2015 and 2050, while the contribution of the transport sector was projected to grow to one third (from currently a quarter) of global energy-related GHG emissions by 2050 unless decisive measures were taken to decarbonize it. By some estimates, freight trucks will be the fastest growing source of global oil demand, accounting for 40% of the oil demand growth by 2050 and 15% of the increase in global CO₂ emissions.

The COVID-19 pandemic has amplified existing challenges and created new ones, and the difficulties have only been made more severe by fragmented national responses. It has significantly impacted global supply chains and connectivity. After an initial decline of (passenger and freight) transport volumes across all transport modes, the numbers are starting to pick up again, although long-term impacts and trends remain to be seen. The cost of shipping containers has reached record highs. The cost for shipping one standard 20-foot container from Shanghai to Brazil, for example, is today nearly five times higher than the average of the last 12 years. The surge in freight rates and surcharges in container shipping are occurring in tandem with reduced service reliability. Various factors have exacerbated congestion in key ports and shipping nodes, increased delays, reduced visibility of shipments, increased fees and surcharges, added black sailings, increased overall shipping costs and amplified trade frictions. The COVID-19 pandemic further hampered the development of rural areas and its impact on countries in special situations and countries affected by conflict has been severe. COVID-19 related restrictive border measures have, for example, significantly impacted the timely delivery and access to essential goods, including food, medical supplies and fuel, and increased the already high trade and transportation costs and delays in countries in special situations, resulting in decrease in trade and tourism.

III. Proposals for advancing progress in context of SDG Acceleration and Climate Action

Going forward, re-starting global supply chains and transport in an orderly and sustainable way is expected to be one of the challenges during recovery from the COVID-19 crisis. The need to build increased resilience may also lead to changes in how supply chains are set up. Overall, connectivity through sustainable transport needs to be improved, including by connecting remote rural communities, linking countries in special situations to global markets and ensuring well-connected, efficient, and resilient supply chains that are underpinned by competitive and sustainable transport systems. (Multi-modal) passenger and freight transport systems that are green, accessible, affordable, reliable, safe, efficient, resilient, and sustainable are required, with the well-being and basic needs of individuals and communities given priority, which are planned and developed using all available technology and data. Policy makers should promote such transport systems, enabling national and regional integration and implementing supportive regulatory frameworks and policy frameworks, that foster innovation and leverage technology to advance the twin objective of enhancing transport connectivity and promoting a sustainable and low-carbon development path. In this context, it will be important to assess the determinants of transport connectivity in its all dimensions to better inform relevant policy makers decisions.

International transport-related Conventions, regulations and agreements can play an important role and should be accompanied by other measures, such as greater synergy in combining different transport modes into sustainable transport and supply chains. UN entities should continue to play an active role to advance connectivity. For example, UNECE, together with UNESCWA and UNECLAC, is developing a project on sustainable transport connectivity and implementation of transport related SDGs in selected landlocked and transit countries.

It will also be important to encourage cooperation among different ministries as well as transport authorities at all levels and across jurisdictions, including at the local and regional level. Greater collaboration within the transport sector, involving all stakeholders, as well as with related sectors is required, for example to ensure that transport electrification is supported by renewable energy systems.

It will also be vitally important to build human capacity and skills, particularly in developing countries, including countries in special situations, to support them in developing a pipeline of bankable infrastructure projects, and to mobilize and facilitate access to finance for infrastructure development, implementation, and maintenance, including through PPPs. In conjunction with transport planning, governments should build up the technology capacity to overcome the digital divide and provide access to goods and services when mobility per se is not necessary or not possible.

IV. Guiding questions

1. How can regional and international cooperation support a transition to sustainable transport connectivity to support the achievement of the SDGs and climate action and what can stimulate and leverage such cooperation?

2. What are effective solutions and best practices towards improving transport connectivity of rural areas? What are suitable sources of finance and other means of implementation that can be recommended in this regard?
3. What are effective solutions and best practices towards improving transport connectivity of countries in special situations, such as LDCs, SIDS and LLDCs, especially with regard to connecting to global markets and trade? What are suitable sources of finance and other means of implementation that can be recommended in this regard?
4. Which innovations (re. technology, regulations, planning etc.) can enable sustainable transport and supply chain connectivity, particularly in the era of COVID-19 pandemic? How can we stimulate development and adoption of such innovations?

Programme

Co-Chairs:

- H.E. Mr. Liu Zhenfang, Administrator of National Railway Administration, China
- Mr. Courtenay Rattray, UN Under-Secretary-General and High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

Moderator:

- Ms. Sheila Watson, Deputy Director, FIA Foundation

Panelists:

- Mr. Danang Parikesit, Chairperson, International Forum for Rural Transport and Development
- Mr. Omae Nyarandi, Executive Secretary, Northern Corridor, Northern Corridor Transit and Transport Coordination Authority
- Ms. Christina Barstow, Chief Strategy Officer, Bridges to Prosperity, Bridges to Prosperity
- Mr. Antonio H. Pinheiro Silveira, Corporate Vice President of Infrastructure, Development Bank of Latin America (CAF)
- Mr. Luo Guosan, Director-General, Infrastructure Development Department, National Development and Reform Commission, China

UN agencies:

- Mr. Kitack Lim, Secretary-General, International Maritime Organization
- Mr. Alex Marianelli, Director of Supply Chain, World Food Programme

Other stakeholders:

- Mr. Ketan Kothari, Manager, Sightsavers
- Mr. Yu Tengqun, Vice President, China Railway Group Ltd.