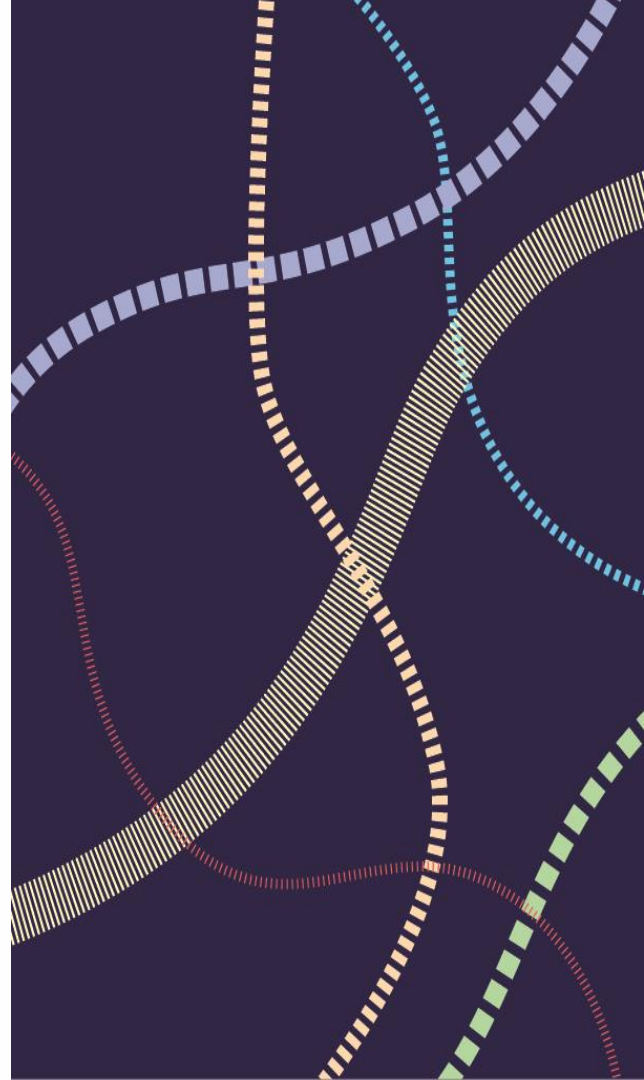




Building Eurasia's Intra and Transcontinental Connectivity

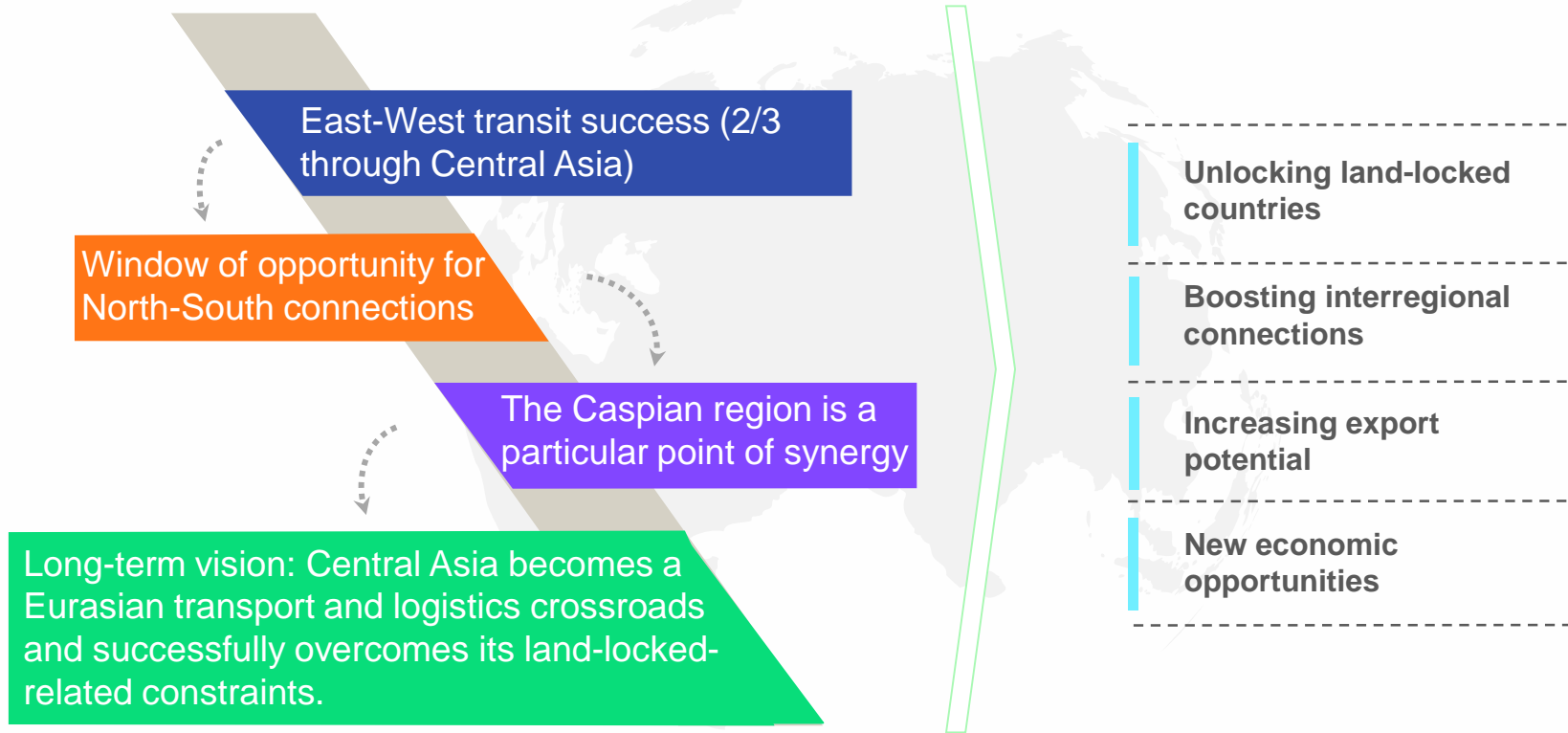
Evgeny Vinokurov
EDB and EFSD Chief Economist

23-24 November 2021





Transformation of Central Asia into a Eurasian crossroads



China-EAEU-EU Container Transit is a Success Story (East-West Rail).



TRANSIT TRAFFIC

77x

Increase from 7,000 TEU in 2010 to 547,000 TEU in 2020.



TRANSIT IN 2021

1.5x

Increase in the volume of rail transit (Jan – Nov 2021 - 593.7k TEU vs 547k TEU in 2020).



OUR LONG-TERM ESTIMATE

**2 mln
TEU**

China-EAEU-EU container transit, incl. 50-70% through Central Asia



SHARE IN CARGO FLOWS

5%

Share of rail transportation in the structure of China-Europe-China cargo flows.

It demonstrates that success is possible in principle under a number of conditions. Let's replicate!

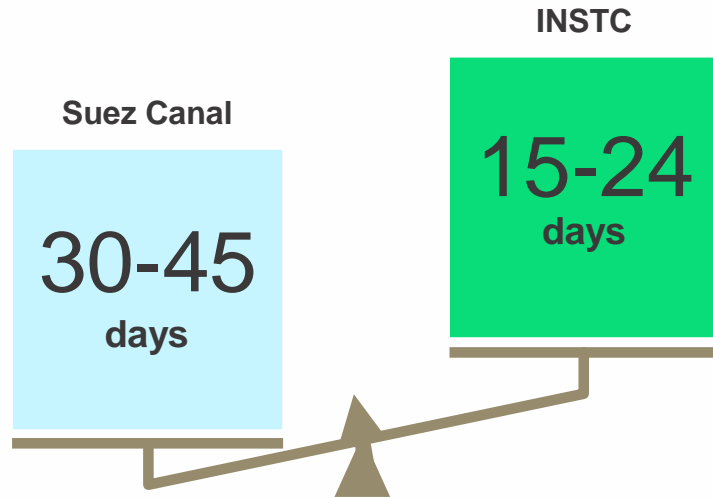


Central Asia at the crossroads of International West-East and North-South Transport Corridors



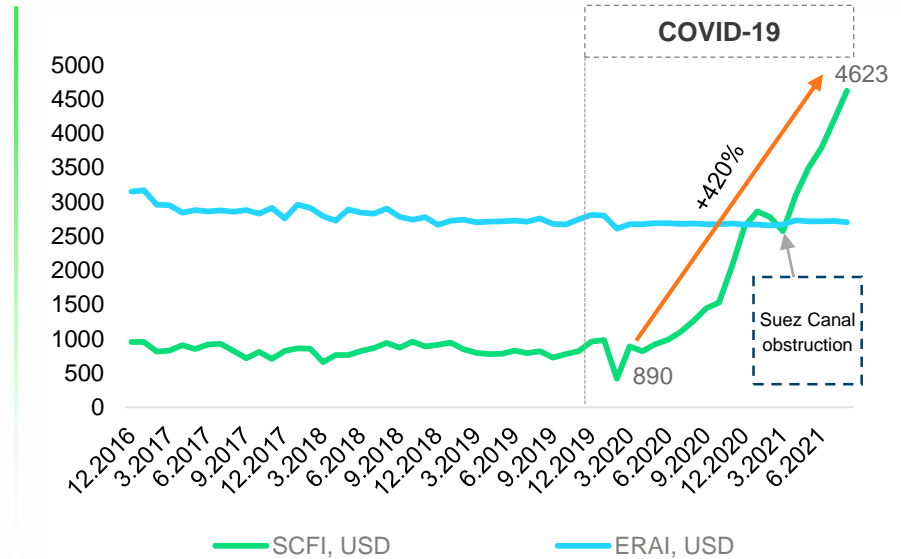


Time of delivery from India to Russia via Suez Canal and INSTC



Comparative advantages of INSTC

Quotes of Shanghai Containerised Freight Index and Eurasian Rail Alliance Index



Sources: Thomson Reuters (2021), ERAI (2021)

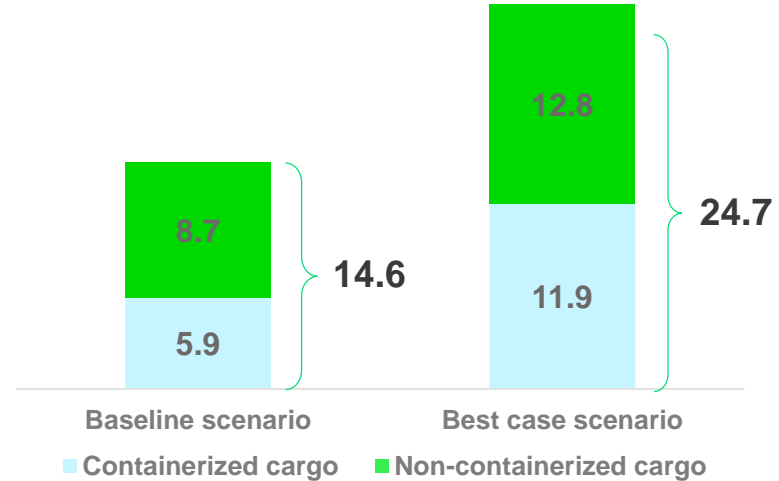
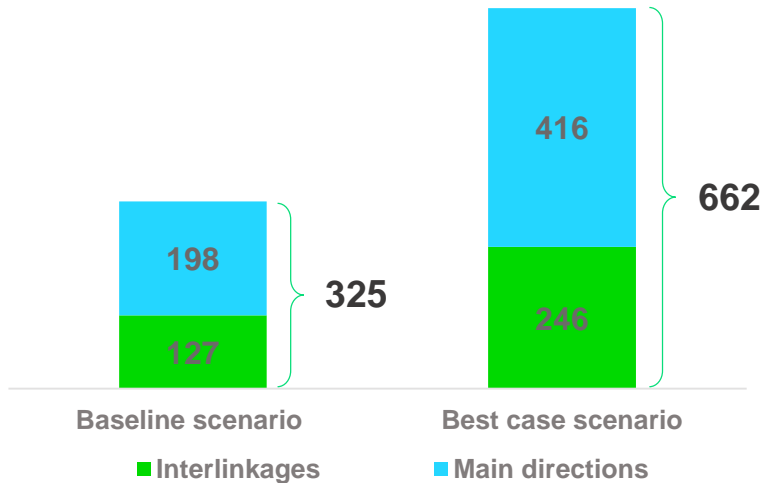
- INSTC is characterised by **shorter distances** and **faster deliveries**, which are important factors in transporting of foods and expensive goods.
- Currently, the transportation of goods by land is more attractive because of the high volatility of ocean freight rates. Will not hold; still, underpins the necessity to develop alternative connections.



INSTC: potential of containerized and non-containerized cargo

325-662 potential of containerized shipments by 2030
thousand TEU*

14.6-24.7 total potential of cargo transportation by 2030 (currently, 5 mln tons)
million tons



The potential of **grain transportation** varies from **8.7 to 12.8 mln tons** by 2030, and outperforms the potential of containerized cargo transportation.

Note: * 325-662 thousand TEU are equal to 5,9 – 11,9 million tons



Synergies with various Eurasian transport corridors

40% INSTC potential comes from synergy

The INSTC connects with

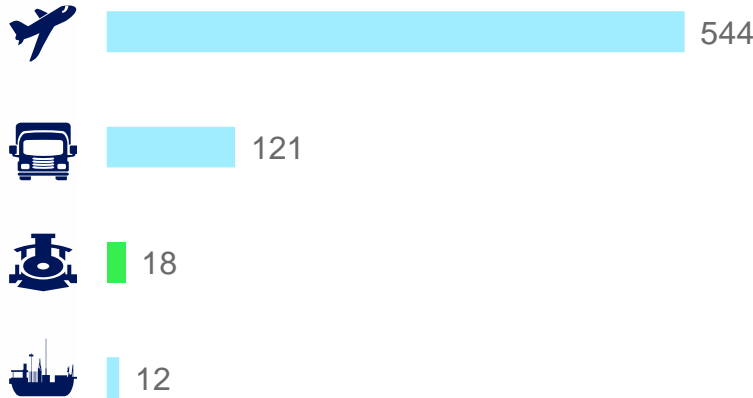
- Black Sea Ring Highway
- Baku - Tbilisi – Kars Railway
- CAREC Corridors (including №2 Transcaspien corridor)
- Europe-West China Corridor
- OSJD Corridors
- TRACECA
- Trans-Siberian Railway
- Lapis Lazuli Route



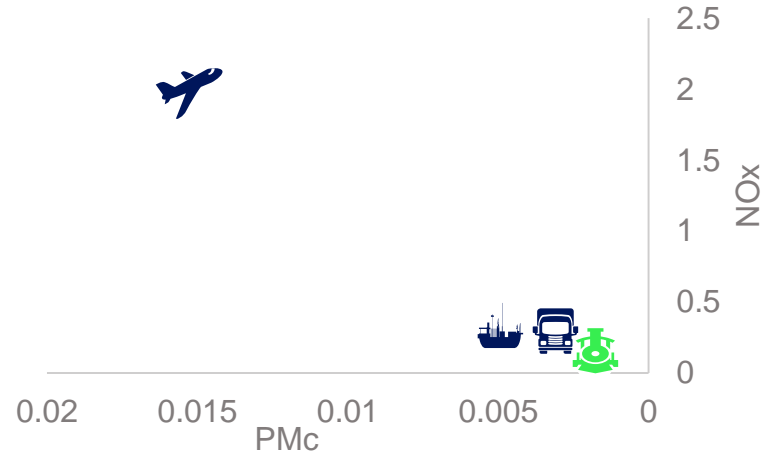


Environmentally friendly solutions

Greenhouse gas emissions by freight transport mode, g CO2 eq/tonne-km



Particulate matter emissions due to fuel combustion and mono-nitrogen oxides emissions by transport mode, g/tonne-km

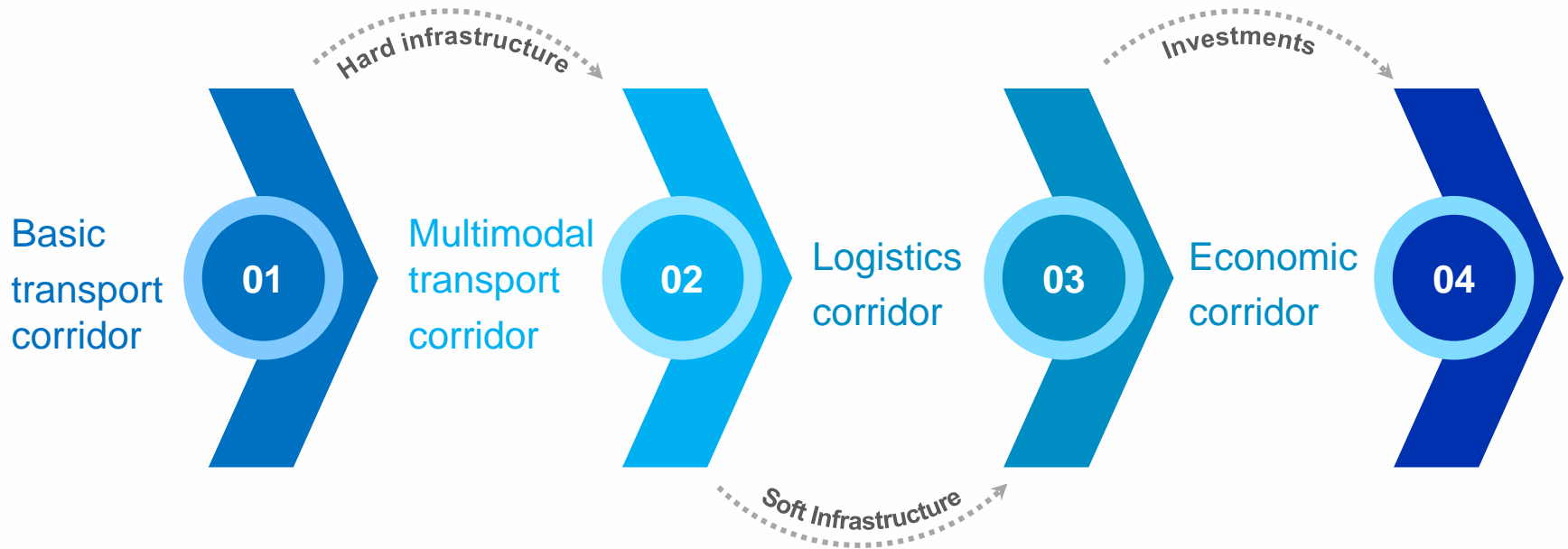


Source: Klein (2021)

- In terms of greenhouse gas emissions, **rail transport** is comparable to deep-sea shipping. But rail routes are shorter in the context of Eurasia! Our estimates: at least 25% total reduction.
- Rail transport is the **environmentally friendliest** transport mode based on particulate matter and mono-nitrogen oxides emissions.
- Practical implementation demands combination of automobile and rail.



From transport corridors to economic corridors



- Lower transportation costs should lead to the emergence of new business niches
- Strong export potential along North-South axis (metals, grain, agro, etc.)
- Synergies between routes
- Capital-intensive and long-term project require synchronized efforts and capital-pooling by IFIs. IFIs are also optimally positioned for the cross-border projects.



From Transport Corridors to Economic Corridors

ACTIONS

Political commitment

International economic coordination

Regulatory policy

Benefits are often unexpected and unforeseeable,
thus...

No *Gosplan*; promoting private investment in
infrastructure and industry development

Consistency with international climate
commitments

Empowerment of disadvantaged communities and
regions

RESULTS

Economies of scale through accessing new
markets

Building industrial parks, dry ports, economic
zones

Agriculture and manufacturing cluster development

New production and logistic chains between China,
Russia, India, Central Asia Pakistan, Iran

Facilitation trade, tourism, digital economy, smart
cities development

'Material' regional integration



Conclusion. Combine East-West and North-South Transform CA into a Eurasian crossroads



Thank you for your attention!