The Belt and Road Initiative in Northern Eurasia: Current State, Barriers to Development, Interests, and Policies

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Transit Railway Container Traffic along PRC–EAEU-EU Routes, TEU thousand

- Container traffic from China to the EU
- Container traffic from the EU to China
- Total railway container traffic along PRC–Europe routes
Estimated freight rate elasticity of demand:
Scenario 1 - rate reduction to ‘Sea + $1000’;
Scenario 2 – current freight rate unchanged
European Industry Lacks Adequate Information on the Cost and Duration of Land Transportation: Results of IIASA Survey
Barriers and Solutions

Barriers to international freight transit:

• discrepancy of the regulatory requirements (e.g. length of trains);
• Infrastructural bottleneck - insufficient capacity at international border crossing points in the EU and EAEU countries;
• insufficiently harmonized procedures for crossing borders (EU- EAEU);
• different gauges – not as important as one might think!
• specific regulations within the bilateral intergovernmental agreements (quoting of transportations, restriction of a choice of routes) etc.

Main barriers are regulations, not physical infrastructure, except Poland.

Some solutions:

• International coordination of the development of land transport corridors, including coordination of investment policies.
• Investments into infrastructural bottlenecks. We identify three of them:
  (1) border crossings (China-Russia, China-Kazakhstan, Belarus-Poland);
  (2) logistics hubs in the EAEU countries;
  (3) Polish railway infrastructure.
• Regulatory convergence wherever feasible
• Focus efforts on the rapidly growing routes.
Policy

A practically ideal component of the emerging Greater Eurasia. The long-term success of the BRI land transport routes depends on whether or not international cooperation within Greater Eurasia will be successful.

Arrangements of functional nature are needed:

- No need for a ‘grand Eurasian design’: involve a limited number of countries and other actors to solve a concrete problem.
- Standardize normative documents and technical regulations (CIM/SMGS, flawless functioning of border crossings, rolling stock operating parameters, etc. Intergovernmental WGs representing national governments, railways and leading industry players should suffice.
- Coordinate transport policies. Intergovernmental WGs + EU involvement + EAEU involvement.
- Coordinate investment by sovereign and multilateral development institutions.
- Make grants for technical feasibility studies readily available.
Thank you for your attention!

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