

Improving Cross-Border Transport

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International Transport Forum at the OECD

- ▶ An **inter-governmental organisation** with 54 member countries focussing on transport
- ▶ A **think tank** for global transport policy issues
- ▶ An **annual summit** of Ministers



Importance of supply chains

- ❑ The backbone of the global economy
 - ❑ Fuelling trade, consumption and economic growth

- ❑ The complexities of today's economic environment
- ❑ Expanding global supply chains
 - require coordinated efforts to optimise network configurations
 - to synchronize global supply and demand

- ❑ Road transport crucial: It carries most of the goods in Europe, its modal share is increasing worldwide



Road related challenges


- ❑ Continued dependency on road freight
 - ❑ Options for shifting to other modes limited
- ❑ Infrastructure investments necessary but not sufficient
- ❑ Unmanaged road capacity no longer an option
 - ❑ Identify & target strategic bottlenecks
 - ❑ Regional planning key in port-hinterland networks
 - ❑ Focus on borders
- ❑ Significant impact on efficiency

Importance of supply chains



“International supply chains rely on collaboration with domestic as well as international partners – across borders” - The Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, Canada

Cross-border transport still facing multiple challenges

- ❑ **Border delays** are still very high in most parts of the world
 - ❑ One day delay in transit reduces trade by 1 %
 - ❑ Sources of delays:
 - ❑ Waiting time
 - ❑ Lack of coordination between different authorities and countries
 - ❑ Limited use of electronic communication technologies
 - ❑ Incoherent procedures
 - ❑ Delays by other border agencies can be significantly more than customs
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Linking Networks: Funding Cross-Border Transport Annual Summit 2013

- Coherent policy frameworks are the key to commitment to investment in cross-border infrastructure
- Corridor approach, aligning physical infrastructure and regulations across borders, can stimulate trade facilitation
- Trade facilitation does not always require investments in cross-border infrastructure
 - Softer measures for harmonised technical and market conditions are crucial (UN and TIR conventions)
- Investing in agreements on common standards can reduce trade costs at least as effectively as investing in infrastructure

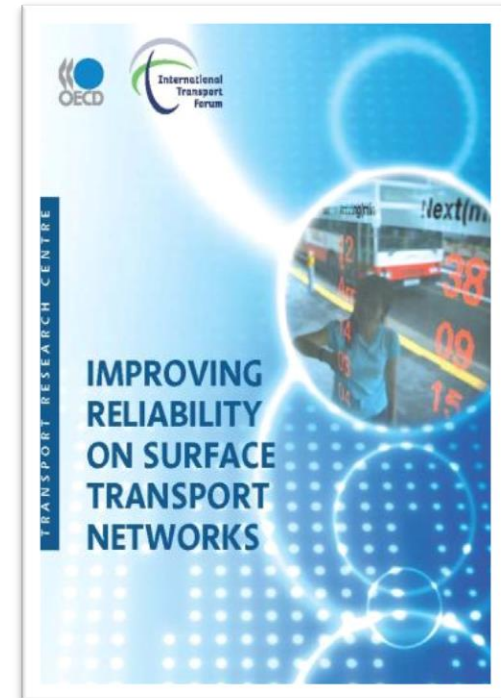
Reliability carries a premium



“We like speed but spend most of our time making the supply chain predictable” –Jeff Langenfeld,
VP, International Logistics,
Walmart

(Un)reliability matters more than speed

- ❑ Costs of unreliability rival those of congestion (ITF/OECD 2009)
- ❑ Users often face delays at interfaces
 - ❑ Between borders
 - ❑ Ports and hinterland connections
 - ❑ Organizational interfaces
- ❑ Re-enforces the importance of focusing on cross-border transport



Policy framework for improving supply chain performance

- ❑ **Build:** Increase physical capacity either through supplying extra capacity or improving the quality of existing infrastructure



Build

- ❑ **Physical growth** through new, expanded or upgraded facilities (bottleneck removal, parking)

- ❑ **Higher network standards** can deliver higher reliability
 - ❑ E.g. long-life pavements reducing need for maintenance

- ❑ Providing additional capacity in infrastructure **has limited remaining scope in traditional corridors**
 - ❑ Time consuming, costly and politically difficult



Policy framework for improving supply chain performance

- ❑ **Build:** Increase physical capacity either through supplying extra capacity or improving the quality of existing infrastructure

- ❑ **Manage:** Better management of existing infrastructure



Managing existing infrastructure



“You can’t build useful roads if the issues impeding traffic from crossing borders aren’t addressed”

– Umberto de Pretto, Secretary General, IRU

Managing existing infrastructure

❑ Pro-active and active management

❑ Managing interfaces

- ❑ Ports and hinterland connections

- ❑ Borders

- ❑ Between network providers

- ❑ Organizational interfaces

❑ Governments have an important **facilitation role**

- ❑ Providing necessary harmonisation and standardisation

- ❑ Implementation of UN multilateral trade and road transport facilitation instruments



Policy framework for improving supply chain performance

- ❑ **Build:** Increase physical capacity either through supplying extra capacity or improving the quality of existing infrastructure
- ❑ **Manage:** Better management of existing infrastructure
- ❑ **Inform:** Informing users enabling them to mitigate the adverse effects of poor reliability



Information

- ❑ Diverge information is needed for different users

- 1. Government** to design cost effective policies
- 2. Network managers** to enhance service provision
- 3. Users (carriers)** to adapt behaviour accordingly or to mitigate adverse effects of poor performance of supply chains (reliability)
- 4. Logistics managers** handling the total trip not just part of the trip (e.g. TIR Electronic Pre-Declaration software)



Policy framework for improving supply chain performance

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- ❑ **Manage:** Better management of existing infrastructure
- ❑ **Inform:** Informing users enabling them to mitigate the adverse effects of poor reliability
- ❑ **Price:** Charging directly for reliability to achieve more efficient levels of reliability



Conclusions

- ❑ Global supply chains and transport networks form the backbone of the global economy
 - ❑ To improve supply chain performance, focus on **interfaces** and better **management**
 - ❑ Focusing on **reliability can further improve performance of supply chains**
 - ❑ Provide **information** for all users to make freight arrival times more predictable
 - ❑ Governments have a **facilitation role**
 - ❑ Enhanced interface (border) coordination and corridor management
 - ❑ Harmonisation and standardisation
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Thank you

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