

## **Northern Dimension Partnership on Transport and Logistics Steering Committee**

### **Draft Road Map for 2019 – 2024.**

#### **Background**

The main goal of the Northern Dimension Partnership on Transport and Logistics (NDPTL) is to improve the major transport connections and logistics in the Northern Dimension region to stimulate sustainable economic growth at the local, regional and global levels.

The NDPTL was established as a useful discussion forum for current transport policy and future visions in the development of infrastructure, harmonising the standards and legislation.

For this reason, it is important to pursue cooperation in a constructive action line with the NDPTL partners. In order to implement the Road Map in practice, an Action Plan is to be drawn up including a limited number of projects and measures.

#### **1 Status**

The main policy implementing tools of the NDPTL are – NDPTL regional networks, a screening methodology for projects and the NDPTL Support Fund.

However, following the summary of the 2018/19 evaluation of the NDPTL activities, as well as the recommendation of the Oslo High Level Meeting held in 2019 a comprehensive restart of NDPTL was deemed necessary. In consequence, a suitable format for future work needs to be set up. This is the key issue the SC will have to deal with in 2019.

Four major studies on soft measures/horizontal actions have been completed.

The NDPTL Support Fund, with its limited resources, has, acting as a catalyst, contributed to the selected projects enabling them to raise additional external funding totalling more than 400 million EUR.

In total, nine projects have received grants from the NDPTL Support Fund and so far, six projects have been successfully completed.

Basic knowledge of the NDPTL among stakeholders has been created, and contacts and dialogue with other regional institutions and initiatives have been established and maintained.

Dialogue with the international financial institutions (IFIs) is regularly maintained, though, the full potential of a proper interaction with the IFI's is still to be explored.

#### **2 Updated working model**

The Memorandum of Understanding Setting Out the Modalities of Establishing the Northern Dimension Partnership on Transport and Logistics (MOU), signed in Naples on 21 October 2009, defines the cooperation framework, aims and the overall goals of the Partnership. An environment for streamlining dialogue, exchange of information and developing cooperation, including implementation-oriented actions, is accommodated within the NDPTL structure.

The UN High-Level Advisory Group defines sustainable transport as “the provision of services and infrastructure for the mobility of people and goods — advancing economic and social development to benefit today’s and future generations — in a manner that is safe, affordable, accessible, efficient, and resilient, while minimizing carbon and other emissions and other environmental impacts”.

A review of the rapid changes and constantly on-going processes in developing good solutions for transport and logistics in all NDPTL member countries reveals a potential within the partnership model for obtaining concrete results.

In order to achieve fruitful cooperation and to work towards the goals of common interest, the NDPTL Steering Committee should focus on clearly defined areas of activity and set out concrete objectives.

### **3 Areas of concrete cooperation**

In light of today’s increasing globalisation, transport area is more than ever becoming a global activity. The main drivers are found in the growing international commodity trade, raw material extraction, energy, research and development, and food production. With new technologies constantly emerging, partners need to handle a number of challenges and opportunities.

Remote areas, such as the Arctic, having been inaccessible earlier, are now getting increasing attention as one of the last undeveloped places in the world, holding vast resources in demand on the world markets.

Keeping up with the rapid changes, vital international freight hubs – more often fully automated – are built and modern logistic systems in combination with development of new transport corridors are developed. Lately there has been a strong focus on last mile deliveries, where, as an example, drones and autonomous self-driving robots are developed for local deliveries. Efficient global supply chains depend on efficient handling of goods and processes all along the transportation chain.

The transport and logistics industry is to be one of the most heavily affected when it comes to digitalisation, automatisisation and robotisation. Responding to this challenge and taking advantage of it requires early attention and awareness of both negative and positive consequences of the coming changes.

At the same time, there is a growing environmental concern caused by global warming, where focus is set on minimizing the carbon footprint, as well as on the reduction of other emissions making negative impact on the environment. The transportation industry alone accounts for 23 % of the world’s greenhouse gas emissions, clearly indicating a need for a number of initiatives aimed at reductions.

Traffic safety is put on the agenda by, among others, the International Transport Forum (ITF). More than 1.2 million people die in road accidents every year and 50 million people are injured. In addition to impact on people’s lives, this entails severe economic consequences as well.

A similar burden on the economy comes from road congestions, estimated to account for as much as 2% of GDP in Europe alone.

Obviously, there is an urgent need for actions to address the number of challenges and to develop sustainable transport and logistics solutions.

Focus activities to restart the Partnership

The “Conclusions and recommendations of the Final Report of the Evaluation of the Northern Dimension Partnership on Transport and Logistics” from 6th May 2019 provide a proper summary of the achievements and the status of the partnership so far.

Taking this into account as well as the recommendation of the Oslo High Level Meeting June 2019, a restart deems necessary in order to pursue concrete objectives.

The partnerships will prioritise “soft measure” related issues according to the agreed new focus areas from the Moscow HLM in 2017. This in particular where the agreed topics will have impact on border-crossing transport and logistics.

The Rules of the NDPTL Support Fund should be changed accordingly adapting to the new *modus operandi*.

#### Focus areas addressed by the Moscow HLM 2017 and the Oslo 2019 HLM communiqué

- Meeting the need for reduction of greenhouse gasses.

Environmental concerns have sparked a number of initiatives involving alternative fuels, and working towards lower toxic emissions and carbon neutrality. The SoX, NoX and Black Carbon issues is on the agendas, and new energy sources like Hydrogen, Electricity, LNG, Biofuel and others are currently explored. All transportation modes are affected, and while innovation is still needed, although some solutions are already implemented. Further development and implementation depend heavily on the availability of the supporting infrastructure, such as, e.g., refilling / charging facilities.

- “Vision Zero” – Zero Road Deaths and serious Injuries.

A big number of road deaths and serious injuries from accidents makes a dramatic impact on the society. Addressing the problem in an appropriate way requires innovation and development of new policies and more effective systems. Gathering information and sharing knowledge and experience requires strong international cooperation. The socio-economic costs from road accidents are high, while return on investments in road safety and safer transport can outweigh these costs. Intelligent transport systems (ITS) are a key issue in this matter, the e-call system together with the ERA-Glonass are concrete examples of action.

- Digitalisation, robotisation and automatisisation of the transport industry including autonomous vehicles and vessels.

The technological development is moving faster than ever and still accelerating, and, in the area of transport and logistics industry, its impact is considerable. Opportunities brought with increased efficiency from automated processes come in parallel with the challenges from the subsequent reduction of the workforce. At the same time, infrastructure requirements are rapidly changing and all stakeholders in the transport sector need to be actively engaged in order to facilitate effective and

up-to-date implementations. The rapid roll out of autonomous vehicles and vessels requires different modern type infrastructure in which connectivity is a key factor.

- New emerging trade routes including the Northern Sea Route and land connections towards Asia.

The Arctic is one of the least explored and developed areas on the globe. The vast volumes of resources in the area such as energy, raw materials and food are the key drivers for the growing worldwide interest and activities in the region. Due to its remote location, underdeveloped infrastructure and hard climate conditions these resources have been hard to access. However, climate change, including reduction of the polar ice, is a game changer. Consequently, new trans-polar trade routes such as the Northern Sea Route come into play, providing a shorter maritime link between Europe and Asia. However, the vulnerable Arctic environment calls for caution and careful and coordinated actions securing sustainable development and minimising the environmental impact. As for transport and logistics, decarbonisation and, in particular, limiting Black Carbon is high on the agenda, and this issue is closely connected to the development of alternative fuels. Well-developed infrastructure for transport and logistics is, however, a prerequisite both for a sustainable Arctic development.

Connectivity is high on agendas of countries around the world. The EU has developed its own connectivity infrastructure policy and planning across its member States and in cooperation with its neighbouring partners. Building on this approach, the EU is exploring synergies with connectivity initiatives of other partner countries, notably towards the Asian continent, as set out in its 2018 EU Strategy for Connecting Europe and Asia. The aim of the strategy is to promote shared interests, values and principles supporting sustainable connectivity. China is implementing its “Belt and Road Initiative” across many countries and regions, and other connectivity strategies are being pursued in Asia, such as by Japan..

In accordance with national policy documents, Russian Federation implements goals for developing infrastructure of the "West-East" and "North-South" international transport corridors. The main directions and stages of the coordinated transport policy of the EAEU member states provide for the creation and development of Eurasian transport corridors. The primary importance in this matter belongs to the development of modern transport and related infrastructure, transport digitalization, the elimination of physical and administrative barriers.

For this reason, it is important that the Northern Dimension provides a framework for discussion on how countries can contribute to enhanced connectivity in the region. Russia is the single country that will be in pole position both concerning land based transit and maritime transit in the North and in the Arctic, while Belarus is an important link between Russia and Central Europe. A coordinated and well-planned policy and transport system meeting the needs for handling the growing trade and subsequent cargo flows from Asia to Europe, could bring benefits to all Northern Dimension countries.

- Best practices in transport education.

The agreed focus areas of NDPTL are all bringing a number of challenges and possibilities to Transport and logistics. The development is in some instances characterized as disruptive. In order to meet these challenges and opportunities in the best possible way, proper education is a key issue. Taking into account that the changing environment for transport and logistics do also effect on

border crossing activities, coordination and sharing of best practise in transport education could bring benefit to NDPTL.

Many of the NDPTL member countries are already actively addressing topics from these focus areas both nationally as well as in a bilateral and supranational context. However, the major international stakeholders such as the United Nations (UN), the International Transport Forum (ITF) and the World Economic Forum (WEF) are putting emphasis on the need to address these issues also within macro-regional cooperation. This is vital, taking into account in particular, that tight coordination is needed in order to avoid creating new trade barriers and bottlenecks because of incompatible infrastructure and technical solutions. Therefore, it is vital to collect data, analyse them and facilitate exchange of experience already gained by different NDPTL partners.

#### 4 Added value

Successful regional cooperation is strongly linked to the willingness to work together towards common goals. The NDPTL thus aims to create added value for the partners.

There is a clear added value in ensuring that borders are not barriers, bringing people closer together, creating streamlined trade flows, solving common problems, facilitating sharing of ideas, and encouraging strategic work towards common goals.

The exchange of experience and information, as well as co-ordination of relevant issues are the key elements that would boost activities and help overcome challenges which cannot be effectively addressed without close co-operation.

#### 5 Activities of the Secretariat

##### General activities

The NDPTL Secretariat's basic mandate is to provide technical assistance to the Steering Committee (SC), the High Level Meeting (HLM) and the Donors' Assembly (DA). A regular dialogue with other ND partnerships and the Northern Dimension Institute (NDI) as well as the ND Steering Group (NDSG) is considered being one of the basic activities of the Secretariat.

According to previous decisions and necessity, two SC meetings and one HLM per year shall be organized. When required, the Secretariat aims to be present in the NDSG meeting and any other relevant meetings in the ND structure.

The Secretariat should continue to update the NDPTL website reflecting the partnership's activities and achievements. The restricted access areas on the NDPTL website remain as previously agreed, to be the main communication platform for information and dialogue with the SC members.

##### Project pipeline of the NDPTL

In cooperation with the Fund Manager the Secretariat shall prepare an amendment of the Fund Rules allowing the use of the remaining budget for new activities furthering the purposes of NDPTL,

for instance soft measures and studies regarding appropriate activities and measures for the work of the Steering Committee.

Ongoing projects of the NDPTL are monitored and dealt with in an active dialogue and cooperation with the Nordic Investment Bank serving as the fund manager.

#### Coordination with other regional initiatives

The Secretariat has almost invariably been invited to attend meetings within the Barents Euro Arctic Transport Area (BEATA), the BEAC regional working group on Transport and Logistics, the EUSBSR Priority Areas (PA) SAFE and SHIP. Recently the Council of the Baltic Sea States Expert Working Group on Maritime Policy has shown renewed interest of working together with the NDPTL. Participation takes place as often as possible and/or depending on invitations, as well as time and budgetary reserves available.

#### Expert working groups/ Seminars/ Briefings

As a measure to move the NDPTL towards being a useful discussion forum for current transport policy and future visions, expert working group meetings (EWGM) may be arranged if deemed necessary for the following focus areas:

- Meeting the need for reduction of greenhouse gasses;
- “Vision Zero” – Zero Road Deaths and serious Injuries;
- Digitalisation, robotisation and automatization;
- New emerging trade routes.
- Sharing best practices in transport education

The working groups should initially be held on an ad hoc basis depending on the work of the NDPTL Partners.

The EWGM could preferably be set up back-to-back with the SC meetings and, where applicable, in cooperation with BEATA and/or other relevant cooperation initiatives.

Ahead of each EWGM, a background briefing paper will be presented to the SC and participants, and the discussions and their outcomes will be summarized in a report following the actual meetings.

The NDPTL Secretariat should seek to cooperate with the Northern Dimension Institute (NDI) in this, to achieve a combination of a practical and academic approach.

The NDI organized and financed one such workshop in 2018: Northern Dimension Future Forum on Transport “Emerging trade routes between Europe and Asia – Impacts of China`s Belt and Road Initiative on Northern Europe” concept was duly introduced to the NDPTL SC in their last meeting. The NDI has launched yet another initiative that would make it possible to continue engagement, as well as to open for the new opportunities and possible actions based on the outcome from these workshops.