



**CAREC National Focal Points' Meeting
Bangkok, Thailand**



Unlocking the Potential of Railways: A Railway Strategy for CAREC (2017-2030)

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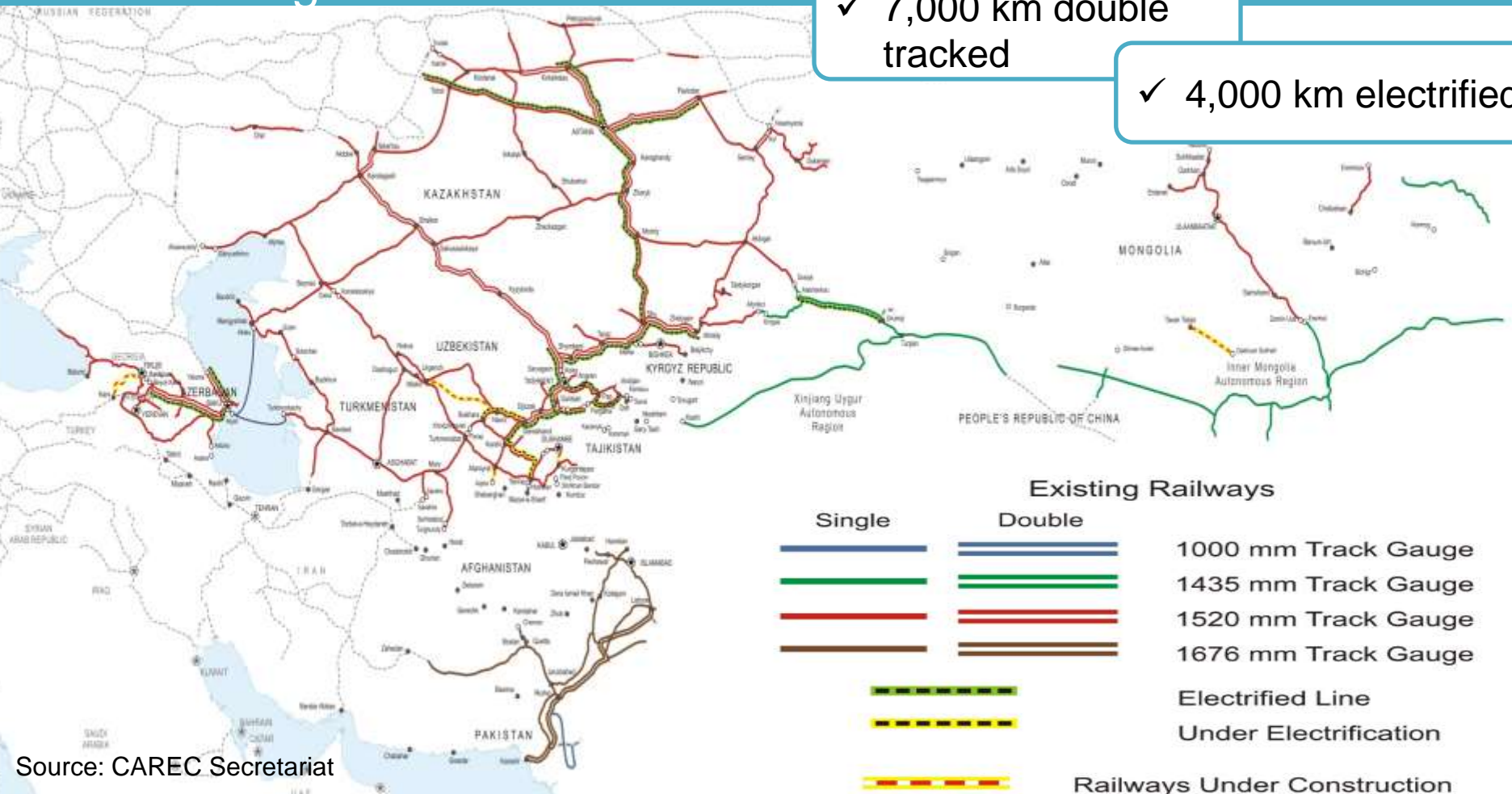
Current Railway Network in CAREC



About 25,000 km of main railway corridors, connecting within and out of the region

✓ 7,000 km double tracked

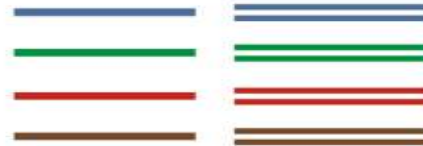
✓ 4,000 km electrified



Existing Railways

Single

Double



- 1000 mm Track Gauge
- 1435 mm Track Gauge
- 1520 mm Track Gauge
- 1676 mm Track Gauge



Electrified Line



Under Electrification



Railways Under Construction

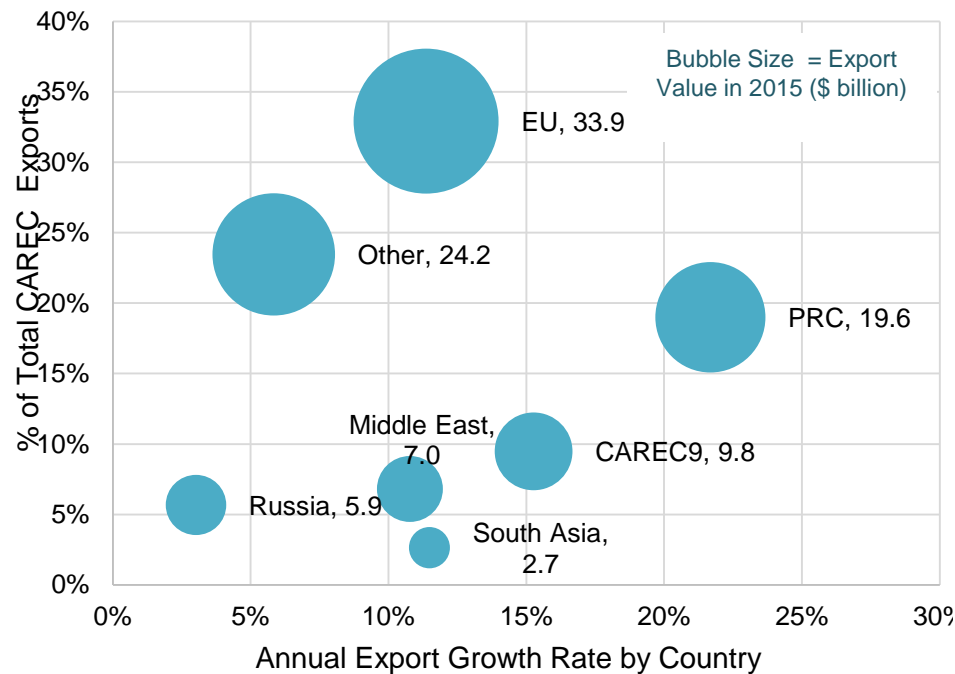


Changing Trade Patterns and Role of Railways (1)

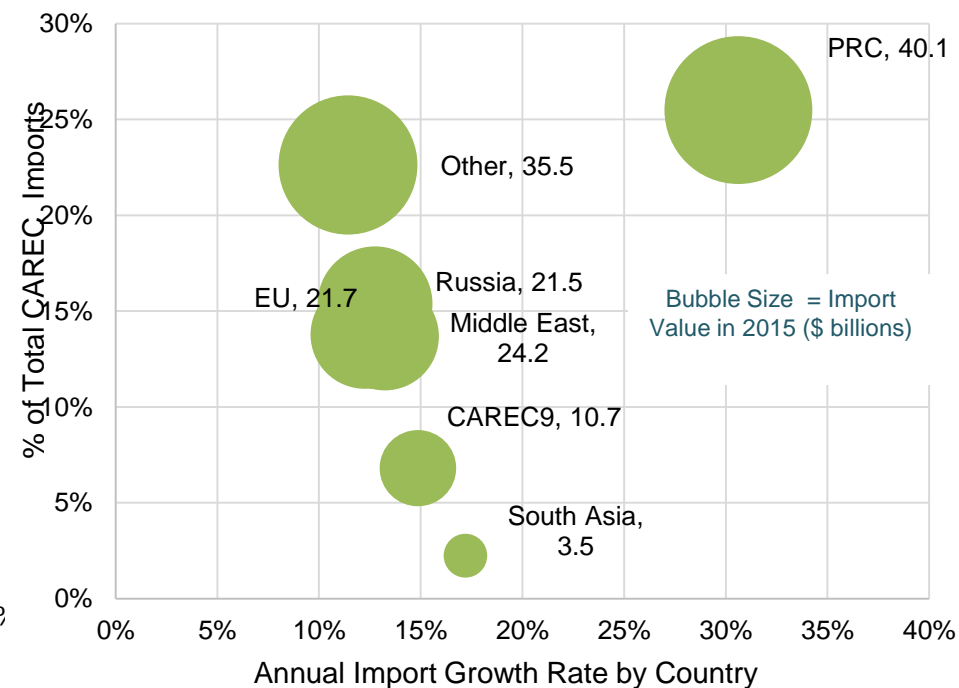


Existing rail network does not necessarily match the growing trade patterns with PRC and EU

CAREC9 Exports



CAREC9 Imports



CAREC 9: CAREC member countries except for PRC

Source: IMF

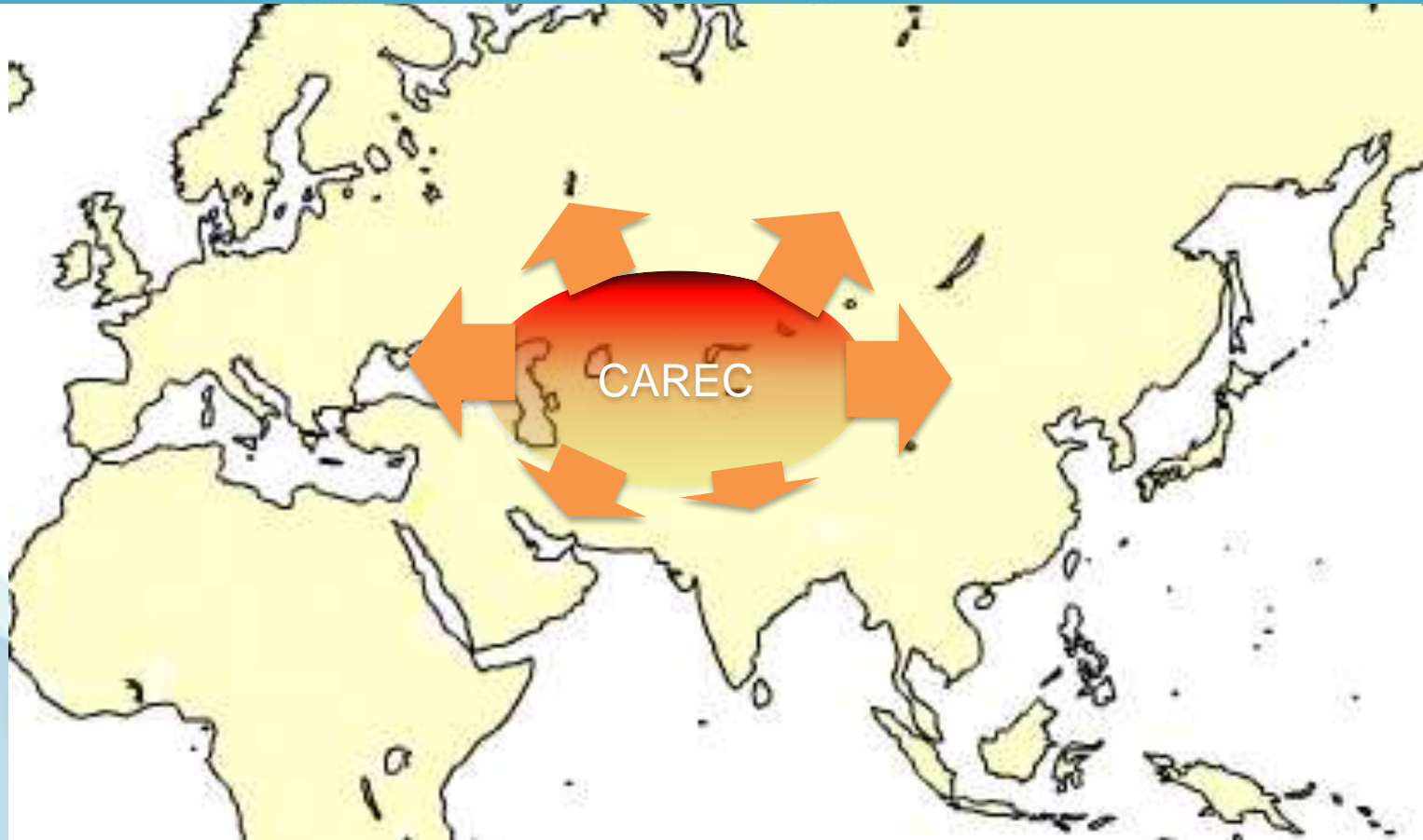


Changing Trade Patterns and Role of Railways (2)



Railways have the potential to change CAREC:

- From land-locked to land-linked
- Connect better with rapidly growing neighbors

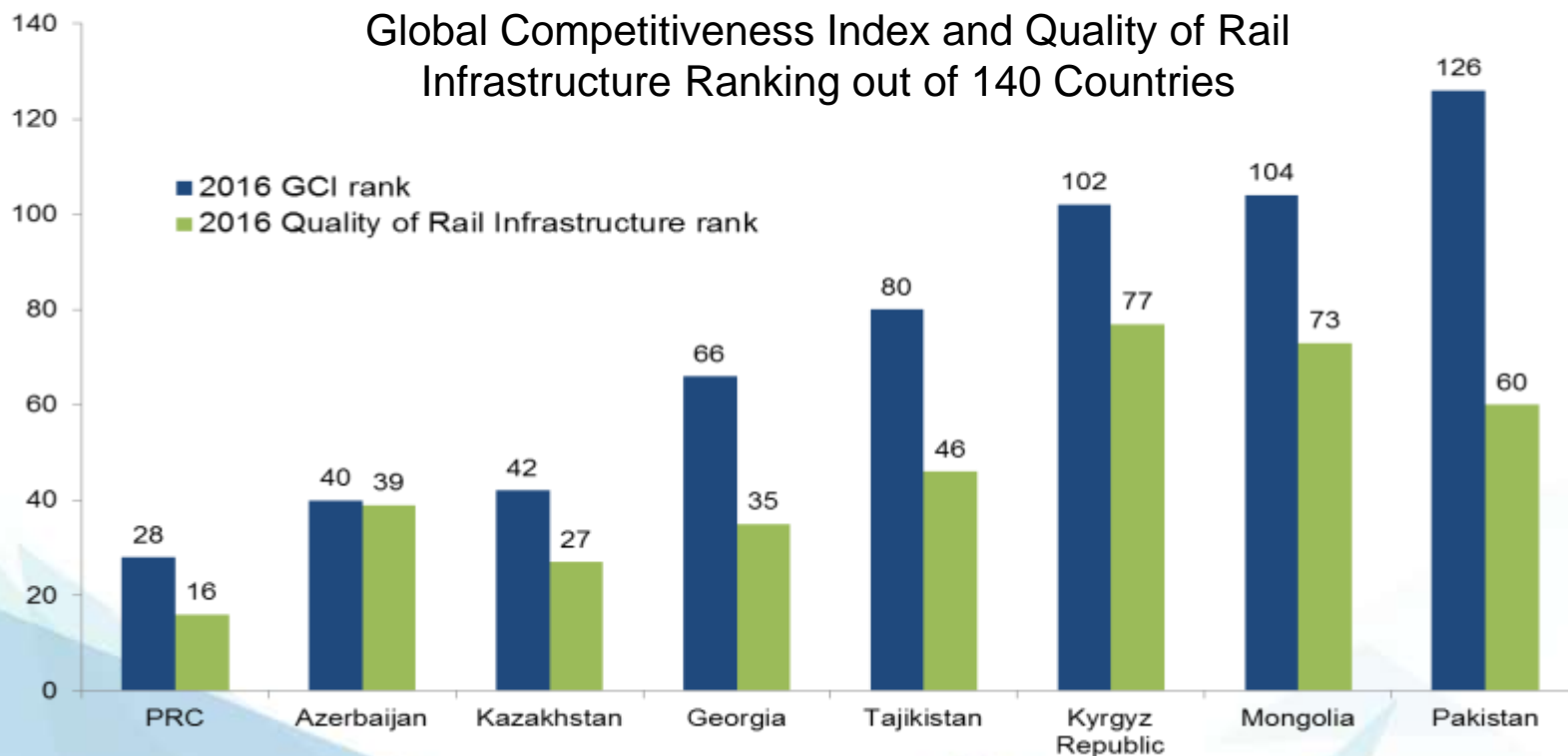




Competitiveness of Countries and Railway



- Rail infrastructure have contributed to the competitiveness of countries, but its quality needs to be improved;
- Improved railway will facilitate regional cooperation and integration



Source: World Economic Forum, 2016. The Global Competitiveness Index (GCI) ranks 140 countries according to competitiveness indicators and ranks them from 1 (highest) to 140 (lowest).



To Guide the Change in Railways in CAREC, a Railway Strategy is formed



Main Actor of the Strategy Formation: “CAREC Railway Working Group”

- Set up at 14th TSCC* in Ulaanbaatar (April 2015)
- Consists of 10 CAREC countries + Georgia

Supported by

Railway Expert Organizations



Development Partners



*TSCC=Transport Sector Coordinating Committee



CAREC Railway Agencies



Owners of the CAREC Railway Strategy





Railway Working Group Meetings

Tokyo (Nov 2015) and Bangkok (Apr 2016)



Countries shared status, plans, and issues regarding railways...



and agreed on the vision, priorities and actions for the Strategy



CAREC Railway Strategy



Vision

By 2030, rail transport will be a mode of choice for trade: quick, efficient, accessible for customers, and easy to use throughout the region



Approach 1 Improve rail and multimodal Infrastructure

Approach 2 Commercialization and reform

3 Pillars of Priorities (1)



1. Develop effective rail infrastructure

✓ Infra gap/missing link fulfillment

✓ Rail infra modernization

✓ Rolling stock
modernization/replacement

✓ IT investment



Priority investment in Designated Rail Corridor

3 Pillars of Priorities (2)



2. Develop robust commercial capabilities

✓ Single point of contact

✓ CAREC rail operator*

✓ Bulk/logistics terminal improvement

✓ Joint locomotive leasing

✓ Corridor management/service design



*A rail operator providing freight wagons and forwarding services across the region. Initially, it could be owned by several railways, and later expanding to include other railways, could also be a private operator.



3 Pillars of Priorities (3)



3. Improve legal and regulatory framework

- ✓ Institutional transition support
- ✓ Tariff deregulation
- ✓ IFRS/cost accounting modifications
- ✓ Customs/border control improvement



IFRS= International financial reporting standards

CAREC Designated Railway Corridors



- DRC 1: Europe–East Asia
 - DRC 2: Mediterranean–East Asia
 - DRC 3: Russian Federation–Middle East and South Asia
 - DRC 4: Russian Federation–East Asia
 - DRC 5: East Asia–Middle East and South Asia
 - DRC 6: Europe–Middle East and South Asia
- Solid lines – DRC Existing*
Dashed line – DRC Planned/Under Construction



Results-based Framework (1)



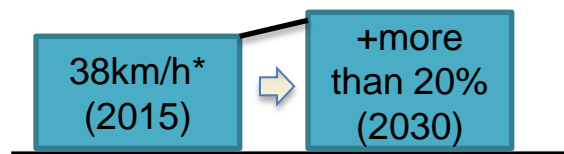
Impact

- Rail transport will be a mode of choice for trade: quick, efficient, accessible for customers, and easy to use throughout the region

Outcomes

- Service level on main corridors improved
- Operation efficiency improved

- ✓ Average commercial speed of rail transport on main DRC corridors increased



- ✓ Commercial perception of quality of railway infrastructure improved

- ✓ Railway employee productivity improved



Results-based Framework (2)



Output 1

Effective rail infrastructure developed

✓ Completed 3,000 km new railway construction, and railway track renovation, electrification or signalization

✓ Linking international main maritime hubs and regional logistics terminals prioritized, developed, and fully operational

Increased route length of multi-tracked rail by 5%



Increased route length of electrified rail by 10%





Results-based Framework (3)



Output 2

Robust commercial capabilities developed

- ✓ Working ratio* of each railway be < 1

5
railways
(2016)

All
railways
(2030)

- ✓ Regional institutional partnership established among the logistics and transport operators, and railway authorities

- ✓ Bulk and logistic terminals for international traffic developed/ improved

Zero
(2016)

5
(2030)



Source: Khorgos Dry Port

*Working ratio= Operation expense (without depreciation)/ Revenue



Results-based Framework (4)



Output 3

Legal and regulatory frameworks improved

- ✓ IFRS introduced in majority of CAREC countries
- ✓ Effective legal and regulatory regimes developed
- ✓ Bilateral tariff agreement established
- ✓ Modern transit regimes designed



IFRS= International financial reporting standards



Results-based Framework (5)



Inputs

- ✓ Railway development master plans



8 feasibility studies completed/in-progress

- ✓ Resources for investment projects from public, private, PPP, domestic, bilateral and development partners

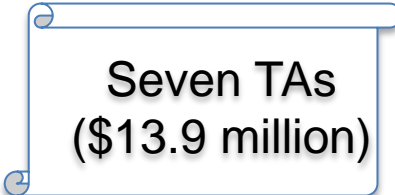


Long-term investment needs
\$38 billion

Short-term investment needs
\$10 billion

- ✓ Region-wide promotion of common technical standards, tariff and costing benchmarks

- ✓ Technical assistance Projects



Seven TAs
(\$13.9 million)



Looking Ahead



- Continue Railway Working Group's activities
 - Sharing/developing methodology for project prioritization
 - Enhancing commercial capacity of railways
- Conduct feasibility studies for potential projects in each of the countries
- Review priority projects and suggest additional projects if applicable in TSCC





For NFP Guidance



- Confirm the draft CAREC Railway Strategy as submitted to the NFP, aiming for final approval at the Ministerial Conference in October 2016
- Provide support for continued activities of the Railway Working Group





CAREC National Focal Points' Meeting



**Thank you for your support to the CAREC
Railway Strategy!**

