Multi-year Expert Meeting
on Transport, Trade Logistics and Trade Facilitation:

Sustainable Freight Transport Systems: Opportunities for Developing Countries

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OPENING STATEMENT

by

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Excellencies,

Distinguished Delegates,

Ladies and Gentlemen,

It gives me a great pleasure to welcome you all to this this fourth session of the Multi-year Expert Meeting on Transport, Trade Logistics and Trade Facilitation [also the last of a series of four expert meetings scheduled between UNCTAD XIII and XIV]. The main focus of this session is "Sustainable freight transport systems: opportunities for developing countries".

The timely nature of this event cannot be overemphasized in view of the profound global economic, social and environmental transformation that is currently underway and which heightens the need for sustainability and resilience-building in our economies and societies. However, the unprecedented transformational potential associated with the new 2030 Agenda for Sustainable Development (2030 ASD) and the December 2015 United Nations Framework Convention on Climate Change (UNFCCC) COP21, in particular, makes an international debate on sustainable of freight transport systems even more timely and necessary.

Ladies and gentlemen, it is evident that freight transport is key for an effective implementation of a sustainable development path and climate-minded policies given, in particular, the sector's strategic economic importance as well as social and environmental dimensions. A sector in its own right that generates employment and revenue and enables

social progress, freight transport underpins international trade, links supply chains, supports regional and global value chains, promotes international division of labour and drives globalization.

Despite its recognized economic and social "virtues", however, when unsustainable, freight transport systems can undermine economic growth, trade competitiveness, development and social progress. A case in point in this respect are the many developing countries that are faced with persistent transport infrastructural deficits, limited connectivity to transport networks, restricted access to markets, and prohibitive transport costs. Additionally, when not sustainable, freight transport generates external costs (or negative externalities) that are detrimental to the environment and the natural resources. Some of the main negative externalities of the sector include natural resource depletion (e.g. fossil fuels, land), environmental degradation (pollution, contamination, noise, tear and wear, congestion) and climate change (GHG emissions).

Therefore and bearing these considerations in mind, this meeting — which brings together broad-based experts and key stakeholders who came from Geneva and abroad, including from the public and private sectors — provides an opportunity to consider how best the freight transport can contribute positively to the achievement of the twin objectives of sustainable development and climate action.

Ladies and gentlemen, to better understand the importance of such a debate, allow me to first highlight some existing and emerging trends that are currently in motion and significantly contributing to raising the profile of the freight transport sector on the international sustainable development and climate policy agendas. These developments are of particular

relevance to our debate in view of their broader implications for the geographical distribution of production and consumption centres, distances travelled by cargoes, fuel consumption, transport costs, air emissions, climate change mitigation and adaptation and generally environmental sustainability and social progress. In other words they will also dictate the policies and strategies that aim to shift and transform our freight transport systems to become sustainable, climate-friendly and resilient.

Firstly, I would like to address the nexus between economic growth, trade expansion, world population growth, energy consumption patterns, environmental degradation and carbon emissions. This is a key consideration since demand for freight transport services and infrastructure grows in tandem with a growing world economy and trade as well as an expanding world population

Today, most economic indicators are pointing to uncertain global economic prospects, faltering global demand and weaker merchandise trade growth (RMT 2015 and TDR 2015). However, this state of affairs could be short-lived as the potential for the freight transport sector to face greater pressures and demands remains real. Existing data indicate that the world merchandise trade is projected to increase by some 75% between 2013 and 2030 (PWC 2014), with much of the growth involving cooperation and trade between developing countries (South-South). In the meantime, an expanding world population and the rise of the middle class in developing region, especially in Asia are boosting global demand, in particular demand for containerized goods. In fact, the annual consumer spending in rapid growing emerging markets is projected to rise nearly five-fold in 2030 (US$12 trillion in 2014 to US$63 trillion in 2030) (Ernst & Young 2015). Accordingly, trade related international freight is projected to grow by a factor of 3.4 by 2050 (ITF/OECD, Transport

Outlook 2015). In terms of seaborne trade which accounts for over 80% of world merchandise trade by volume and its majority by value, estimates by UNCTAD indicate a potential doubling of volumes by 2033 [Extrapolating from historical annual average growth rates observed over the past four decades]. With over 60 per cent of global maritime trade in metric tons being loaded and unloaded in ports located in developing countries, the sustainability of freight transport systems certainly emerges as a priority for developing countries.

Secondly, and with freight transport being heavily dependent on oil for propulsion, the correlation between freight transport activity and energy consumption, air pollutions and carbon emissions is evident. The transport sector, including freight transport currently accounts for about 25% of annual global energy-related carbon dioxide (CO2) emissions from fuel combustion (OECD/IEA, 2014). These emissions are expected to increase by 1.7% a year by 2030 with over 80% of growth expected to occur in developing countries (RMT 2012). Most of the emissions are generated by land transport. In 2012 for example, the transport sector accounted for nearly 64% of final global oil consumption (OECD/IEA, 2014); projected to account for 82% of the increase in global liquid fossil fuel consumption over the 2008–2035 period (RMT 2012). If left unchecked, unsustainable patterns are likely to intensify, increasing the potential for global energy, environmental and climate crises, and undermining progress being made on sustainable development and growth.

Thirdly, and while the trends shaping the macroeconomic and social landscape as well energy consumption patterns are key, a number of other parallel developments are also at play and need to be taken into account in any debate on sustainable and resilient freight transport systems given their potential impact on the demand for freight transport infrastructure and

services. These include, to name but a few, the ongoing changes in the geography of oil trade which will affect transport networks, in particular tanker trade (the change was brought about by the rapid increase in the tight oil and shale gas production in North America), the heightened political shocks and geopolitical tensions, security and piracy risks, the prospects of further trade liberalization and trade deals (TFA, regional megadeals such as the Trans-pacific Trade Partnership with agreement reached on 5 October 2015 and the Transatlantic Trade and Investment Partnership between the US and EU, etc.), the emergence of new routes and the expansion of the main transit points (e.g. the Panama Canal the Suez Canal), as well as higher exposure and vulnerability to natural disasters and climate change factors.

Many of these trends and developments are particularly highlighted in the 2015 RMT. While the review focuses on maritime, these trends are clearly cross modal as they will affect all modes of transport. I am indeed, pleased to inform that the 2015 edition of the RMT, which is the 46th since 1968, is available online and has been released yesterday.

In this context, ladies and gentlemen, promoting sustainability objectives (economic, social and environmental) emerges as the logical way forward to effectively manage the varied transformational trends that shape international trade flows and their supporting transport networks to ensure the long term sustainability of our economic, social and environmental systems.

It is therefore essential to improve the understanding of the concept of sustainable freight transport systems and the role of the sector in enabling the effective implementation of the ambitious and transformative path set out in the 2030 ASD. It should be noted that while the transport sector, including freight transport is not represented by a distinct goal within the

SDG framework, it has been mainstreamed into many SDGs, thereby emphasizing the importance of the sector as a critical enabler of a sustainable development path, including by supporting the achievements of other sectors. As may be recalled, the new SDG framework comprises 17 goals and 169 targets. Of relevance to our discussion today are five (5) goals that directly involve transport-related targets and at least seven (7) targets that depend on the transport sector to be effectively met (i.e. indirect relevance of transport).

Directly through five (5) Goals and indirectly through seven (7) targets:
Goal 3 -Ensure healthy lives and promote well-being for all at all ages (target on *road safety*); **Goal 7** – Ensure access to affordable, reliable, sustainable and modern energy for all (target on *energy efficiency);* **Goal 9** – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation (target on *sustainable and resilient transport*), **Goal 11** – Make cities and human settlements inclusive, safe, resilient and sustainable (target on *sustainable transport systems/public transport*), and **Goal 12** – Ensure sustainable consumption and production patterns (target on *rationalizing fossil-fuel subsidies*).
Indirectly through at least seven (7) targets: agricultural productivity, access to safe drinking water, air pollution, climate change mitigation and adaptation, food loss and waste, sustainable cities, and global partnerships.

The SDGs will come into force on 1 January 2016 and are expected to guide the decisions that the international community will take over the next 15 years. The list of indicators to support the SDG framework is expected to be finalized by March 2016. Indicators will be the main tool used by all stakeholders to measure and evaluate progress toward a specific target to measure progress. In parallel, the United Nations Secretary-General High-level Advisory Group on Sustainable Transport – established to provide recommendations on sustainable transport that are actionable at global, national and local as well as at sector levels – is expected to publish a report on the global transport outlook and convene the first international conference on sustainable development in 2016.

That said and as noted by the UN SG Ban Ki-moon, the real test of commitment to the new global goals remains that of "implementation" with a number of questions arising as particularly important. These include (1) how countries and the transport community will implement and meet relevant targets, (2) how to finance the implementation of goals (3) what would be the role of partnerships and (4) how to develop and promote transport indicators that will be most effective in creating economic, social and environmental benefits and indicators.

Another question that may arise in this context relates to the potential implications of/interplay the outcome of the COP21 for the ASD and sustainable freight transport systems. As may be recalled, the new climate agreement aims, among other requirements, to limit the global average temperature to ensure manageable climate change levels (set at below 2°C) and facilitate the transition towards resilient, low-carbon societies and economies. On this important issue, it is my pleasure to welcome Mr Philippe Ramet the representative of France and correspondent to COP21 who will present the perspective of the host country and provide additional information about the main objectives and expected achievements of the Action Agenda of COP 21.

With this ladies and gentlemen, I would like to conclude by reiterating that taking action to advance the sustainable freight transport agenda is an imperative and we have an opportunity to make a genuine contribution to advancing this objective. I am confident that your discussions over the next three days, informed by a distinguished programme of speakers, and representatives from different public and private stakeholders, national, regional, and will help in the important task. It is my hope that discussions at this meeting will conclude with a shared vision and common understanding for the way forward and concrete next steps.

I wish you all success in your deliberations. I would like to further underscore UNCTAD 's full commitment to advancing the sustainable freight transport objectives and to helping implement relevant actions and next steps that may be identified and agreed at this meeting. The ultimate object is not to lose the current momentum and ensure the sustainability of freight transport remains high on the international policy agenda.