



# UNCTAD XIII

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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SPECIAL EVENT

## PAVING THE WAY FOR SUSTAINABLE FREIGHT TRANSPORT

### BACKGROUND

25 APRIL 2012

The strategic economic role of freight transport cannot be overemphasized. However, the strong nexus between freight transport activities, energy and environmental sustainability is yet to be adequately addressed. Current freight transport systems are heavily reliant on oil for propulsion and are not yet in a position to effectively adopt cleaner energy alternatives and technologies. Overall, transport consumes over 50 per cent of global liquid fossil fuels and is expected to account for 97 per cent of the increase in the world's primary oil use between 2007 and 2030.

In addition to related implications for transport costs and trade, the heavy reliance of freight transport on oil for propulsion increases environmental costs such as pollution and climate change. The expected growth in demand for freight transport services in tandem with the global economy, trade and the world population together with the high carbon intensity of oil, place freight transport at the centre of the climate change debate. The transport sector accounts for nearly 25 per cent of global energy-related carbon dioxide (CO<sub>2</sub>) emissions and for 13 per cent of all world greenhouse gases (GHG). Unchecked, these unsustainable patterns are likely to intensify and potentially result in global energy and environmental crises. In this context, a transition to less oil-dependent and more energy-efficient freight transport systems is both an economic and environmental imperative.

While the contribution of the transport sector to global GHG emissions is well understood, less is known about the potential impacts of climatic changes on transport infrastructure and international transport networks. Although crucial, mitigation alone including through technology and operational solutions as well as economic instruments, is not sufficient to effectively achieve a sustainable freight transport. Adaptation is equally important to help minimize the negative impacts of the projected climatic changes on freight transport such as sea level rise and extreme weather events and to build the resilience of related infrastructure and services, including in ports and freight terminals. Reducing disruption to service and preserving the integrity of freight transport networks is crucial for globalized trade.

Promoting a shift towards sustainable freight transport will help improve energy efficiency, minimize exposure to high transport costs, and limit environmental and climate change impacts. It also provides an opportunity to direct resources to tackle persistent challenges, especially in geographically disadvantaged regions such as landlocked developing countries. Sustainable freight transport solutions can help deal with the current freight transport infrastructure deficit and the inadequate provision of

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transport services, which are major causes for high transport cost and marginalization in the global trading system.

Active responses to these challenges include the development of new transport policies and strategies which promote planning and investment decisions that balance all dimensions of freight transport: economic, environmental, social and institutional.

Financing sustainable freight transport will require mobilizing domestic as well as international resources (multilateral banks and development finance institutions), leveraging existing funding mechanisms and exploring innovative sources and instruments. New collaborative approaches between partners for example through private-public partnerships (PPPs) and new sources of finance such as climate finance instruments that may emerge from the UNFCCC process could also help countries, especially in developing regions face the challenge of investing in sustainable freight transport solutions.

## PURPOSE

Against this background and in view of the added political momentum provided by the 2012 UN Conference on Sustainable Development (Rio+ 20) and the designation of the year 2012 as the International Year of Sustainable Energy by the UN Secretary-General, the event will provide a high level platform for discussion and experience sharing on how best to enable a paradigm shift to sustainable freight transport. Bearing in mind the perspective of developing countries, the panel discussions will aim to, inter alia:

- a) explore the challenges and the opportunities associated with sustainable freight transport systems and identify related best practices.
- b) discuss the associated financial implications and the respective roles of the public and private sectors, including in the form of PPPs as well as of multilateral development banks and climate-based finance options.
- c) consider the potential role of international organizations, including UNCTAD in enabling the transition to sustainable freight transport.

## OUTCOME

- Gain a better understanding of the meaning of sustainability in freight transport and how to effectively mainstream the concept into transport planning and investment decisions and build international consensus on its importance
- Promote cooperation, information sharing, including on best practices in the field of sustainable freight transport
- Identify innovative financing mechanisms and the role of PPPs, climate finance and multilateral development banks in addressing the financial requirements
- Foster a dialogue between the public and the private sectors.

## ORGANIZATION

The event is jointly organized with the Asian Development Bank and will bring together governments, planning authorities, policy makers, the transport industry, financial institutions, academia and the civil society.

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