



TRANSPORT AND COMMUNICATIONS

OIC/COMCEC/36-20/D(20)



COMCEC

CCO BRIEF
ON
TRANSPORT and
COMMUNICATIONS
COOPERATION

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BRIEF ON TRANSPORT AND COMMUNICATIONS COOPERATION

I. Introduction

A modern transport and communication industry plays a major role in the economic and social development of a country as it promotes internal and external trade, economic use of natural resources, mobility of skilled labor-force, diversification of markets, reduction in employment, and increase in agricultural and industrial production.

The transportation industry is growing rapidly due to the increasing per capita income and mobility needs of households, trade globalization, deregulation, and privatization of the transportation infrastructure and services, as well as technological progress.

Transport infrastructure is crucial for both the economic and social development of nations and quality infrastructure is a key pillar of international competitiveness.¹ According to the 'Infrastructure to 2030' report, global transport and infrastructure investment needs would exceed USD 11 trillion over the 2009-2030 period. In order to effectively plan and implement transport infrastructure, countries need to have sound national policy frameworks and ensure the necessary funding.

Furthermore, with regard to the surface transport, worldwide road and rail passenger travel is expected to grow approximately from 120% to 230% by 2050, while this growth is expected to range from 240% to 450% for non-OECD economies. Moreover, global road and rail freight transport is projected to increase between 230% and 420% in the same period.²

Similarly, the Information and Communications Technologies (ICTs) industry is also growing and it continues to be a key industry of growth, innovation, economic and social development. The share of the ICT sector in GDP is around 6 % in the OECD member countries and relatively less in developing countries. With the rapid diffusion of digital technologies into developing countries, this number could rise in the future. Besides, the indirect contributions of the ICT investment to economic growth, through improvements in total factor productivity, could also be large as well.

Within this framework, transport and communications infrastructure is a critical component of the economic and social development of countries. The economic and productivity growth of a given region is tied closely to its transport infrastructure and transport systems, which enable higher productivity through lower logistics costs, inventory savings, and access to larger supply and labor markets.

Furthermore, the global transportation industry is being adversely affected by the recent outbreak of the Covid-19 pandemic. Many countries had to follow preventive transport policies in terms of minimizing passenger mobility and freight transportation to contain this pandemic. These measures have led to a dramatic decrease in the volume of international transport and logistics services. Concerning the impact of Covid-19 on the global logistics industry, it is

¹ OECD, 2012

² International Transport Forum (ITF)

estimated that the contribution of the logistics industry to the global GDP will decrease by 6.1 percent this year.³ In addition to this, the global freight forwarding market is expected to shrink by 7.5 percent in 2020 compared to 2019.⁴

In recent years, increasing populations and budget constraints accompanied by the growing demand for transport services necessitated new methods for the effective management of the transport infrastructure. In this respect, the pricing of transport infrastructure is one of the emerging methods that can be an important source of finance for governments and an effective tool for traffic demand management as well as reducing negative externalities such as environmental problems.

Furthermore, the pricing of transport infrastructure is particularly important for increasing the quality of national transport infrastructure and transport services for the benefit of the community. Pricing is also a sensitive area whereby optimization is required commensurate with the economic realities of the country and income levels of the people.

Considering its importance, COMCEC Transport and Communications Working Group (TCWG) has devoted its 15th meeting to “pricing of transport infrastructure”. Enhancing the cooperation among the member countries on this theme through sharing experiences and the best practices would directly contribute to the realization of related output areas of the COMCEC Strategy.

II. Transport and Communications Cooperation under the COMCEC

Improving the functioning, effectiveness, and sustainability of transport and communications in the Member States is the main objective of the COMCEC Strategy in the field of transport and communications. Within this framework, since the 35th COMCEC Session, the COMCEC TCWG elaborated on the pricing of transport infrastructure issues in its 15th Meeting.

A. Pricing of Transport Infrastructure in the OIC Member Countries

(15th Meeting of the Transport and Communications Working Group)

The 15th Meeting of COMCEC Transport and Communications Working Group was held virtually on July 7th, 2020, with the theme of “Pricing of Transport Infrastructure in the OIC Member Countries”.

The research report prepared for the meeting reveals important findings in terms of pricing of transport infrastructure practices in the world as well as in the member countries. The research report provides a conceptual framework on the pricing of transport infrastructure, the global trends and current practices, and concrete policy recommendations for improving the implementations with respect to the pricing of transport infrastructure in the OIC member countries.

³ <https://www.statista.com/statistics/1112493/global-logistics-industry-gross-value-added-growth-covid-19/>

⁴ <https://www.statista.com/statistics/1115277/year-on-year-change-freight-forwarding-market-worldwide/>

The report includes six case studies including three field visits and three desk-based research. The visited case study countries are Indonesia, Nigeria, and Tunisia. Three best-practice countries which are subject to the desk research are Singapore, South Africa, and the United Kingdom.

Concerning the pricing of transport infrastructure practices in the OIC region, the report reveals that the OIC Region has not been widely familiar with the pricing of transport infrastructure except some practices in the form of road-tolling, vehicle taxes, and fuel tax. Road-tolling systems are implemented by the OIC countries mainly to ease the burden of government through road users' participation. According to the Report, While Public-Private Partnerships (PPP) is the most common mechanism applied in the OIC region to accelerate road infrastructure provision, a dedicated PPP law that provides an attractive legal environment for investors, is not always in place in most of the countries.

In this framework, the report highlights the major challenges faced by the OIC member countries with respect to the transport infrastructure pricing as; unclear or unavailable national legal framework, weak governance systems, limited institutional and human capacity, and lack of necessary guidelines on the content of pricing of transport infrastructure.

In light of the main findings of the report and the deliberations during the 15th TCWG, the Working Group has come up with the following policy recommendations:

- Developing contemporary transport infrastructure pricing policies and making use of implementation instruments such as PPPs, where possible, and public transport operations for a well-functioning transport system.
- Assigning an autonomous operator (entity/institution/body) for the effective collection of charges and allocation of funds arising from transport infrastructure pricing services.
- Utilizing transport infrastructure pricing tools (i.e. tolls, levies, vehicle tax, fuel tax, mileage tax, etc.) to effectively manage transport demand as well as to raise funds for transport infrastructure development.
- Utilizing contemporary collection (i.e. automated electronic tolls, on-board-units, and Global Navigation Satellite System) and enforcement systems for ensuring an effective transport infrastructure pricing.

The report is available on the COMCEC website. (www.comcec.org)

B. COMCEC Project Funding

COMCEC Project Funding (CPF) is the other important instrument of the Strategy. Projects financed under the CPF need to serve multilateral cooperation and must be designed in accordance with the objectives and the expected outcomes defined by the Strategy in its transport section. Projects also play important roles in realization of the policy recommendations formulated by the member countries during the TCWG meetings.

Under the sixth call for project proposals, three projects were implemented by the Gambia, Iran and Jordan in 2019. The project titled "Improving Human and Institutional Capacity for

Integrated Database Management System in the OIC Countries” was implemented by the Gambia with the partnership of Senegal, Nigeria and Turkey. The project aimed at developing an integrated transport database management for The Gambia with the support of the project partner countries. In this regard, a study visit was organized to Turkey to gain experience on transport database management system of Turkey. A training was also organized in the Gambia for analyzing and learning the standards, procedures and functions of transport database management system.

The second project titled “Increasing Seaborne Transport and Trade within the Framework of the TPS-OIC” was implemented by Iran with the valuable contributions of partner countries Oman, Pakistan, Qatar and Turkey. The project intended to seek practical solutions within the framework of the TPS-OIC to facilitate trade by decreasing international seaborne transportation costs. During the project lifetime, a research report was produced based on study visits to the partner countries and desk-based analyses. The report mainly consists of current situation of seaborne trade and transport in the world and in the OIC, detailed analysis of sector in respective countries, concrete strategies and policy recommendations for the whole OIC community.

Another project titled “Reconstructing the Old Ottoman Hejaz Railway Line - Phase 2” was implemented by Jordan with the partner countries Egypt and Turkey. The project aimed at discussing the funding opportunities for reconstructing the Hejaz Railway Line and sharing experiences on railway planning with the project partner countries. In this respect, a training was organized on feasibility studies, railway engineering and planning along with a workshop for discussing opportunities and challenges on funding requirements of the Hejaz Railway Line.

Moreover, under the 7th Call for Project Proposals, 3 projects were selected to be financed by the CCO in 2020. These projects, however, are yet to be completed due to delays arising from international travel restrictions imposed by the COVID 19 pandemic. Hence, some of the projects are expected to be finalized in 2021. The selected projects to be completed under the 7th Call are as follows;

The project titled “Establishing Maritime Transport Archives” will be implemented by Cameroon in partnership with Cote d’Ivoire and Chad in 2021. The project aims at developing legal, institutional and regulatory frameworks to enhance trade flows in the corridors Douala - Ndjamen, Douala-Bangui. A training program and workshop will be organized with key transport actors to discuss institutions and regulatory framework.

The second project titled “Monitoring Lagos-Abidjan Transport Corridor” will be implemented by Nigeria in partnership with Benin, Togo and the Gambia. The objective of this project is to facilitate the movement of people and goods and improve governance along the corridor.

Moreover, Turkey will implement the project titled “Implementation of International Maritime Conventions” with two partner countries, Algeria and Tunisia in 2021. This project aims at ensuring effective coordination and cooperation among selected countries through establishing an implementation committee and capacity building.

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8th Call for Project Proposals on the other hand started on September 1st, 2020. Relevant documents are available on the COMCEC website. (project.comcec.org)