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Strategic Questions of a Horizontal and Cross-Sectoral Policy or Regulatory Nature: Challenges and Emerging Trends of Inland Transport in different regions (statements by delegates)

Overview of post-COVID-19 recovery trends and challenges for inland transport at a time of multiple global crises

Note by the Secretariat*

Mandate and Summary

This document is prepared in line with the ITC Strategy until 2030 (ECE/TRANS/288/Add.2) and the role the Committee plays as the United Nations Platform for regional, interregional and global inland transport policy dialogues, by providing a platform to review emerging challenges in inland transport at its annual session. It has been prepared by the ECE secretariat to facilitate discussion and contributions from delegations.

This document contains an overview of COVID-19-related inland transport recovery trends and challenges in different regions and strategic considerations on global supply chains trends, as well as impacts on inland transport and connectivity as a result of the war in Ukraine.

Its key conclusions are:

- Disruptions in supply chains due to lockdown measures and border closures already fuelled inflation during the pandemic, and supply-side shocks caused by the war in Ukraine further contributed to consistent inflation
- The slowdown of the global economy undermined a full and sustainable recovery from the COVID-19 pandemic
- food insecurity and poverty were amplified by the sharp increases in food and fertilizer prices as a result of the war in Ukraine
- The uneven distribution of vaccines against COVID-19 results in higher vulnerability to new waves of COVID-19 infections in certain regions

* This document has been submitted late in order to include information on the latest progress in this work.

- These conditions give rise to a new global economic geography characterized by trade restrictions and supply chain realignment of reshoring and nearshoring
- By prioritizing resilience over efficiency in a climate of increasing uncertainty has profound impacts on global economic development, epitomized in the rise of poverty, and challenge the achievement of the 2030 Agenda and the Sustainable Development Goals
- Restoring global supply chain resilience while maintaining openness is critical to ensure that the benefits of global value chains are reaped at scale and equitably and serve as means to a higher end of accomplishing the Sustainable Development Agenda. The Inland Transport Committee and its subsidiary bodies have a major role to play, through the continued development and digitalization of the existing regulatory framework and its cutting-edge regulatory work in the global fight against the climate change crisis

I. Introduction: Three stages of inland transport adjustment and realignments after three tumultuous years

1. In 2020, shortly after the spread of COVID-19, early national responses to the COVID-19 pandemic showed that, in order to contain the spread of the virus, governments around the world constrained access through their borders to non-essential traffic for both freight and passenger flows. They did so by either closing them completely or imposing restrictions that ranged from visa issuance bans or mandatory health certificates to extended periods of quarantine, social distancing, contact-tracing and other measures (see ECE/TRANS/2021/13).

2. The second stage, which in effect covered the entirety of 2021, consisted of a global economic and trade bounce back which was however characterised by systemic bottlenecks that led, in turn, to increased inflationary pressures and shortages of strategic critical products and components. During this period, both the resilience and robustness of supply chains were challenged (see ECE/TRANS/2022/14).

3. The third stage is characterized by recovery dynamics in a slowing global economy and major production realignments. The rest of the paper outlines the underlying dynamics of this “changing economic geography”, their context and impact, as well as their meaning for the relevance of the work of the Committee and its working parties.

II. Context and recovery dynamics for inland transport

A. Recovery efforts amidst global challenges from COVID-19, conflict and climate

4. The year 2022 was marked by multiple challenges for the global economy setting the broader framework for developments for inland transport trends regionally and globally. Global economic activity experienced a sharper than expected slowdown, with global growth slowing from six per cent in 2021 to 3.2 percent in 2022 and projected to 2.7 percent in 2023¹. Global inflation rose from 4.7 percent in 2021 to 8.8 percent in 2022 but is forecasted to decline to 6.5 percent in 2023 and to 4.1 percent by 2024². In direct response to the inflationary pressures, central bank responses sought to limit price increases thus adding further downward pressures to economic growth.

5. Underlying both growth and inflation unfavourable dynamics in 2022 were the impacts of conflict around the world. In 2022 the world endured the highest number of conflicts since the creation of the United Nations, with approximately two-billion people

¹ [IMF World Economic Outlook](#), 2022

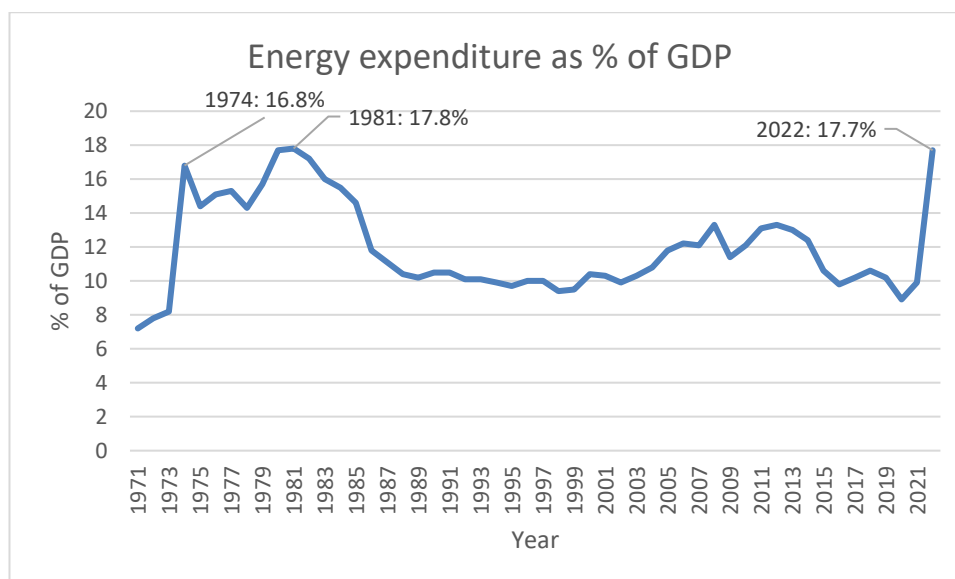
² Ibid.

living in conflict-affected countries and refugees were at the highest number on record in 2021 and forced displacement is continuing to increase³.

6. The energy and food crisis triggered by the war in Ukraine rippled around the world economies, as the world faced a massive energy price shock not seen since the 1970s (see figure below).

Figure

Energy expenditure as per cent of GDP – 1971-2022



Source: Data from [OECD Economic Outlook, November 2022](#)

7. In this context of economic uncertainty, G20 economies between mid-May and mid-October 2022 introduced export restrictions at an increased pace, particularly on food and fertilizer⁴. Overall, new export restrictions by WTO members have accelerated since 2020, first due to the pandemic, followed by the war in Ukraine and the food shortages and insecurity. According to the Trade Monitoring report, by mid-October 2022, WTO members had in place 52 export restrictions on food, feed and fertilizers and 27 export restrictions on products essential for the COVID-19 response. C20 economies maintained 44 per cent of the export restrictions on food, feed and fertilizers, and 63 per cent of the pandemic-related export restrictions.

8. Global COVID-19 vaccine distribution, from importing vaccine inputs for manufacturing, the cross-border transport of vaccines to destination countries for immunization campaigns and assuring cold chain integrity along the supply chain, remained challenging in 2022. Unpredictable weather, security concerns and poor infrastructure made it difficult to access rural and remote areas. Inadequate transport options forced healthcare workers to hire or use private transport options such as motorcycles to transport vaccines.⁵

9. Last but not least, extreme weather in 2022 induced by climate change increased industrial production costs, tested the resilience of global supply chains, and erected obstacles to the efficient transport of goods and people. Large parts of Europe suffered from extreme drought and repeated episodes of extreme heat leading to record low water levels in rivers and distressing intra-European trade. In the United Kingdom of Great Britain and Northern Ireland the temperature on 19 July exceeded 40°C for the first time, followed by persistent and damaging drought and wildfires. China had the most extensive and long-lasting heatwave since national records began and the second-driest summer on record. India and Pakistan saw record-breaking heat in March and April. Record breaking rain in July and August led

³ [SDG Report 2022](#).

⁴ [28th WTO – Trade monitoring Report](#) on G20 trade measures of 14 November 2022.

⁵ ESCAP: International transport and logistics of vaccines across borders: the case of the Asia-Pacific region: special series on trade and health, 2022, p. 20.

to extensive flooding in Pakistan, with at least 1,700 deaths and 33 million people affected, many left homeless. According to WMO 7.9 million people were displaced⁶.

B. Supply Chain Trends

10. The COVID-19 pandemic had significant consequences for international production and trade and enhanced already existing problems in global supply chains. Supply chain weaknesses and geopolitical considerations in an increasingly uncertain environment have meant that the global model which has resulted in decades of shared prosperity and lifting hundreds of millions out of poverty has faced structural weaknesses.⁷ Thus, there's a trend towards "nearshoring" and "onshoring", which brings manufacturing activities closer to consumer markets. Inflationary pressures and the tightening of monetary policies might further exacerbate supply-side constraints by discouraging investments due to higher interest rates, thus delaying the easing of logistical bottlenecks and economic recovery.⁸

11. Major disruptions in the supply chain were caused by the forced closure of parts of the transport sector due to the pandemic, with many of them still being felt in 2022. Disruptions and delays in supply chains and logistics led to an increase in transport costs, while higher fuel prices additionally increased the costs of agricultural inputs and prices of oilseeds and grains. The process of nearshoring and onshoring will inevitably have implications on transport logistics and will reduce transport distances, but also involves the consideration of various modes of transport. While this would reduce the cost of transport and the volumes of goods transported, it would also bring changes in global shipping and relocate a portion of global transport to regional transport networks.⁹ The war in Ukraine caused additional supply chain disruptions, in particular to the food and energy supply chain.

12. As we are moving out of the global pandemic, efforts should be aimed at the creation of more resilient supply chains which are able to adapt quickly to potential future shocks such as global health crises. The digitalization of supply chains could further contribute to a sustainable recovery of the global economy from the COVID-19 crisis.¹⁰

13. However, this shift also presents an opportunity to address environmental challenges and climate change by decarbonizing global and regional supply chains. A reduction of Green House Gas (GHG) emissions could be achieved by optimizing trade and transport logistics, for instance through integrating environmental factors such as wind speed and direction, improvement of load factors through line hauls and back-hauling, or horizontal cooperation.¹¹ Technical capacities on environmentally sustainable freight should be build, including green multimodal freight corridors.¹² Relocating the production of goods closer to the consumer market could also ease demand for transportation through a modal shift, e.g., when air freight is replaced with land transportation, thus potentially reducing emissions.¹³

C. Special Case: Global social and economic impacts of the war in Ukraine

14. The war in Ukraine has had an enormous and disruptive global impact. Because the Russian Federation and Ukraine are two main suppliers of energy and agricultural goods, the

⁶ WMO, "[Climate and weather extremes in 2022 show need for more action](#)", 23 December 2023.

⁷ ESCWA: Trade facilitation and supply chains in the Arab region in the era of the COVID-19 pandemic, December 2022, p. 6.

⁸ UN DESA: World Economic Situation and Prospects as of mid-2022, 2022, p. 6.

⁹ ESCWA: Trade facilitation and supply chains in the Arab region in the era of the COVID-19 pandemic, December 2022, p. 9, 10, 12.

¹⁰ ESCAP: Ministerial Declaration and Regional Action Programme for Sustainable Transport Development in Asia and the Pacific (2022 – 2026), July 2022, p. 8.

¹¹ ESCWA: Trade facilitation and supply chains in the Arab region in the era of the COVID-19 pandemic, December 2022, p. 11, 15, 16.

¹² ESCAP: Ministerial Declaration and Regional Action Programme for Sustainable Transport Development in Asia and the Pacific (2022 – 2026), July 2022, p. 24.

¹³ ESCWA: Trade facilitation and supply chains in the Arab region in the era of the COVID-19 pandemic, December 2022, p. 10, 12.

war further amplified the stark increase in commodity prices.¹⁴ The export of crude oil, natural gas, grains, fertilizer and metals has directly been affected by the conflict. Transport infrastructure has been destroyed and critical export routes and transport corridors were cut off for months, until an agreement between the Russian Federation and Ukraine allowed the resumption of grain exports from Ukrainian ports brought some relief.¹⁵ However, the prices for food, energy and commodities have increased sharply as a result of the conflict.¹⁶

15. While the COVID-19 pandemic already threatened food availability in certain parts of the world through the disruption of food production and trade as well as supply chains,¹⁷ the war in Ukraine worsened the situation. High prices for fertilizer hamper global production of agricultural products, which will further fuel food insecurity in many developing countries.¹⁸ In addition to the disruption of agricultural exports from Ukraine and the Russian Federation such as crops and fertilizer, countries imposed export restrictions to counter food security concerns which further constrained the global supply of agricultural products.¹⁹ Surging food prices are threatening food security in low-income countries as they feed inflation and threaten food security. The Food and Agriculture Organization and World Food Programme already warned in 2021 that continued high food prices could undercut food access in many countries, including Afghanistan, the Bolivarian Republic of Venezuela, Haiti, Liberia, Nigeria and Sierra Leone.²⁰

16. In addition to the food insecurity, the increase in prices for wheat, corn and vegetable oil has impacted the prices for biofuel made of food crops. As a result, countries such as Sweden, Finland and Croatia have relaxed biofuel blending mandates in order to reduce energy price pressures, while the United States of America are even considering whether waiving biofuel mandates could contribute to balancing out the increase in grain prices.²¹

17. The global energy landscape is expected to be significantly reshaped by the war in Ukraine and the resulting sanctions imposed on the Russian Federation.²² The sharp increase in oil and gas prices, which reached the highest level in a decade, and the fear around energy security have had an impact on policy making in many countries. While this could significantly impact global efforts of dealing with the climate emergency, the conflict has also reinforced public awareness of the need for increased investments in renewable energies to counteract dependencies. A reduction of biofuel usage will likely result in a significant increase in carbon intensity of land transport.²³

18. The production costs in manufacturing sectors such as automotive and electronics have increased sharply due to higher commodity prices. The production of neon gas in Ukraine, which accounted for about half of neon gas output globally, was disrupted by the war and is projected to worsen the shortage of semiconductors. The shortage has already had a negative impact on the production of automobiles and electronics.²⁴ In addition, nickel prices have increased by about 50 per cent in 2022 compared to 2021 as the Russian Federation processes 20 per cent of the world's high-grade nickel. High prices of metals needed for the production of batteries for electric vehicles, which have risen by 64 per cent in 2022 compared to 2021, will likely lead to an increase in prices for electric vehicles.²⁵

¹⁴ ECLAC: United States-Latin America and the Caribbean Trade Developments 2022, p. 7.

¹⁵ UN DESA: World Economic Situation and Prospects: January 2023 Briefing, No. 168.

¹⁶ UN DESA: World Economic Situation and Prospects as of mid-2022, 2022, p. 2.

¹⁷ ESCWA: Arab food security: Vulnerabilities and Pathways, September 2022, p. 26.

¹⁸ UN DESA: World Economic Situation and Prospects as of mid-2022, 2022, p. 19.

¹⁹ UN DESA: World Economic Situation and Prospects as of mid-2022, 2022, p. 3.

²⁰ UN DESA: World Economic Situation and Prospects, January 2022, p. 26.

²¹ UN DESA: World Economic Situation and Prospects as of mid-2022, 2022, p. 14.

²² UN DESA: World Economic Situation and Prospects as of mid-2022, 2022, p. 11.

²³ UN DESA: World Economic Situation and Prospects as of mid-2022, 2022, p. 10, 11.

²⁴ UN DESA: World Economic Situation and Prospects as of mid-2022, 2022, p. 3.

²⁵ UN DESA: World Economic Situation and Prospects as of mid-2022, 2022, p. 13.

III. Regional outlook

A. The Economic Commission for Africa (ECA) region

19. Africa's participation in global value chains currently only accounts for 2.7 per cent.²⁶ In addition, high trade costs have continued to back regional value chain development. Intra-African trade costs have increased again since 2012, despite a decline in intra-African tariffs. Insufficient transport infrastructure and weak trade-related services such as logistics play a significant role in this development. Disruptions to transport, restrictive trade policies and global economic uncertainty caused by the COVID-19 pandemic further increased trade costs.²⁷ The African Continental Free Trade Area (AfCFTA) creates new opportunities for accelerating Africa's productive transformation by developing regional production networks.²⁸

20. While the impacts of the COVID-19 pandemic have slowly subsided in Africa as demand for commodities resurged and China, Africa's most important trade partner, has recovered economically,²⁹ the accelerating impacts of climate change, lasting effects of COVID-19 such as financing shortfalls faced by developing countries, and the energy and food crises caused by the war in Ukraine had a big impact on African economies.³⁰

21. The shock caused by the COVID-19 pandemic has pushed African entrepreneurs to adapt and seek new opportunities to create jobs and engage in higher value-added activities.³¹ Digitalization has the potential to facilitate trade and value chain development in African countries. For instance, during the COVID-19 crisis, East Africa has accelerated its digital transformation. However, several tourism-dependent East African countries were still facing considerable economic setbacks. The slow recovery of global tourism continues to affect these countries, as travel, tourism and transport services account for significant shares of annual gross export earnings of Djibouti (58 per cent), Kenya (32 per cent), Rwanda (35 per cent), Mauritius (54 per cent), Seychelles (41 per cent), Tanzania (52 per cent) and Uganda (37 per cent).³²

22. The growing importance of domestic markets in Africa is increasing the gravitational pull for intra-continental trade as the dynamics of Africa's demography and urbanisation open up opportunities to meet regional demands for essential goods and services such as agro-food processing or pharmaceutical products. The development of value chains plays an important role in national development plans in African countries.³³

23. The African Continental Free Trade Area (AfCFTA) is expected to promote export diversification by, inter alia, facilitating more efficient logistics through investment in customs and transport infrastructure.³⁴ The AfCFTA allows governments to pursue progressive upgrading of cross-border trade. Modelling suggests that full implementation of the AfCFTA could increase employment in Africa by 2.1% compared to 2014. Trade liberalization is expected to have a particularly big impact on smaller economies, such as

²⁶ OECD: Africa's Development Dynamics: Regional Value Chains for a Sustainable Recovery, 2022, p. 19.

²⁷ OECD: Africa's Development Dynamics: Regional Value Chains for a Sustainable Recovery, 2022, p. 19, 24, 47.

²⁸ OECD: Africa's Development Dynamics: Regional Value Chains for a Sustainable Recovery, 2022, p. 19.

²⁹ OECD: Africa's Development Dynamics: Regional Value Chains for a Sustainable Recovery, 2022, p. 128.

³⁰ <https://sdgs.un.org/un-system-sdg-implementation/united-nations-economic-commission-africa-eca-49098>

³¹ OECD: Africa's Development Dynamics: Regional Value Chains for a Sustainable Recovery, 2022, p. 46.

³² OECD Africa's Development Dynamics: Regional Value Chains for a Sustainable Recovery, 2022, p. 170.

³³ OECD: Africa's Development Dynamics: Regional Value Chains for a Sustainable Recovery, 2022, p. 46.

³⁴ ECA: Economic Development in Africa Report 2022, p. 65.

Benin and Togo.³⁵ However, only 10 of the 54 African countries have strong backbone infrastructure, inter alia, in transport to effectively support the flawless flow of services and merchandise domestically and across countries.³⁶

24. Transport and logistics infrastructure are still underdeveloped in parts of the African continent, which negatively impacts trade costs and reduces opportunities for integration.³⁷ Central Africa's forestry sector is highly dependent on logistical infrastructure and the transport sector. While logistical corridors are multimodal and include road, rail and waterway transport, road transport is more prevalent in Central Africa, which ranks amongst the least efficient in the world.³⁸ There are trans-African road projects under way, for instance the Central Section of the Trans-Maghreb Motorway Axis, which will improve transport of intermediate goods and components for the energy value chain and reduce costs and duration. However, the logistics infrastructure lacks modernization. In addition, developing railway and maritime lines is important for the facilitation of trade flows and the reduction of costs. For instance, Morocco's 2040 Rail Strategy aims to contribute to regional development and connectivity by developing its national rail network.³⁹

25. The deficits in transport and logistics infrastructure adversely affects the efficiency of the food systems. Food scarcity has been another ongoing issue on the African continent, and the COVID-19 pandemic has had immediate consequences for the local production of food. For example, local production capacities are insufficient to cover food demand in East Africa, which is not self-sufficient in most basic food commodities. The dependence on imports is even set to increase. While labour shortages and delays in the supply of agricultural inputs had immediate consequences on regional production, trade interruptions and pandemic mitigation measures caused further disruptions due to the creation of bottlenecks in transport, logistics, processing and sales.⁴⁰ In addition, the war in Ukraine and the disruptions of grain exports from Ukraine have severely impacted Africa.⁴¹

26. The automotive industry in Southern Africa and Africa more generally has strong growth and job creation potential, which is further boosted by rapid population growth and closer regional integration. Investments in the automotive industry must be paired with the development of a more sustainable transportation sector, which would help create more sustainable cities and decrease, inter alia, air pollution. Developments should also factor in the reduction of road deaths and injuries.⁴²

B. The Economic Commission for Europe (ECE) region

27. The impacts of the pandemic on the transport of goods and people were felt less in 2022 in the ECE region compared to the period of 2020-2021.

28. The cross-border trade of merchandise was affected by the COVID-19 pandemic. More than 80 per cent of global trade in merchandise is operated through international shipping. However, because Europe has a well-connected road and rail infrastructure, a large portion of e-commerce in Europe is delivered by road transport. Restrictions of movement as well as quarantine requirements impacted road transport across the region and particularly in

³⁵ OECD: Africa's Development Dynamics: Regional Value Chains for a Sustainable Recovery, 2022, p. 50.

³⁶ ECA: Economic Development in Africa Report 2022, p. 52.

³⁷ OECD Africa's Development Dynamics: Regional Value Chains for a Sustainable Recovery, 2022, p. 235.

³⁸ OECD Africa's Development Dynamics: Regional Value Chains for a Sustainable Recovery, 2022, p. 150.

³⁹ OECD Africa's Development Dynamics: Regional Value Chains for a Sustainable Recovery, 2022, p. 213, 214.

⁴⁰ OECD Africa's Development Dynamics: Regional Value Chains for a Sustainable Recovery, 2022, p. 179.

⁴¹ <https://sdgs.un.org/un-system-sdg-implementation/united-nations-economic-commission-africa-eca-49098>

⁴² OECD Africa's Development Dynamics: Regional Value Chains for a Sustainable Recovery, 2022, p. 115.

Central Asia and the Caucasus.⁴³ Some countries in the region put in place exemptions or relaxed rules in order to facilitate the timely transport of goods. The Republic of Moldova granted exceptions from quarantine requirements for cargo drivers and transport service personnel as well as crews of aircrafts, ships and trains.⁴⁴

29. In order to support member States' management and recovery from the COVID-19 pandemic, ECE facilitated the development and implementation of a new generation of legal instruments supporting the digitalization/computerization of transport and border-crossing procedures in countries that have interconnected their customs system with the eTIR international system. eTIR application, through the digitalization of transport and border-crossing procedures, allows for end-to-end paperless cross-border transit of goods, and thus supports member States' efforts towards a sustainable recovery.

30. On the other hand, Europe's economies were heavily impacted by soaring inflation and the war in Ukraine. The economy in the European Union took a major hit by disruptions in the energy supply from the Russian Federation, with an estimated growth of only about 2.5 per cent in 2022 as opposed to the initial forecast of 3.9 per cent. 57.5 per cent of the European Union's total energy consumption in 2020 were imported, with almost 25 per cent being imported from the Russian Federation.

31. The United States of America's economy was forecast to slow down to 1.5 per cent growth in 2022 compared to a 3.7 per cent forecast in early 2022.⁴⁵ High inflation, the tightening of monetary policies and direct and indirect effects of the war in Ukraine continued to effect recovery and growth.⁴⁶

32. As a result of the conflict in Ukraine, the Russian Federation's GDP was projected to contract by about six per cent in 2022 as opposed to earlier projections of a 10.6 per cent decline.⁴⁷

33. The Ukrainian economy was projected to contract by 30 to even 50 per cent, in 2022 due to massive destruction of its infrastructure, disruptions to production and trade and the humanitarian crisis.⁴⁸

C. The Economic Commission for Latin America and the Caribbean (ECLAC) region

34. The subregion of the Caribbean continued to face significant, multidimensional issues. Regional GDP growth in Latin America and the Caribbean was projected to only reach 2.1 per cent in 2022. While economic growth prospects for Mexico and Central America had to be revised downward for 2022, the economic outlook in the Caribbean is improving due to, inter alia, recovery of tourism.⁴⁹

35. In addition to prevailing efforts to recover from the COVID-19 pandemic, parts of the subregion were hit by natural events which caused major population dislocation, losses, damages and additional climate-related expenditures.⁵⁰ The subregion faces a unique vulnerability to natural disasters and hydroclimatic events. While economic performance remains at slower growth levels than before the pandemic, economies are starting to recover. However, inflationary pressures, exacerbated by the war in Ukraine, have additionally been

⁴³ UNECE: COVID-19 impact on e-commerce – Post-pandemic COVID-19 Economic Recovery: Harnessing E-commerce for the UNECE Transition Economies, 2022, p. 14.

⁴⁴ UNECE: COVID-19 impact on e-commerce – Post-pandemic COVID-19 Economic Recovery: Harnessing E-commerce for the UNECE Transition Economies, 2022, p. 27.

⁴⁵ UN DESA: World Economic Situation and Prospects as of mid-2022, 2022, p. 2, Table I; UN DESA: World Economic Situation and Prospects: January 2023 Briefing, No. 168.

⁴⁶ UN DESA: World Economic Situation and Prospects as of mid-2022, 2022, p. 16.

⁴⁷ UN DESA: World Economic Situation and Prospects as of mid-2022, 2022, p. 18; UN DESA: World Economic Situation and Prospects: January 2023 Briefing, No. 168.

⁴⁸ UN DESA: World Economic Situation and Prospects as of mid-2022, 2022, p. 18.

⁴⁹ UN DESA: World Economic Situation and Prospects as of mid-2022, 2022, p. 21.

⁵⁰ ECLAC: The Caribbean Outlook. Summary. Recovery and Resilience – Repositioning the Caribbean post COVID-19, 2022, p. 5.

disrupting a quick and strong economic recovery.⁵¹ The subregion's limited access to concessional finance further hinders governments' efforts to invest in recovery and resilience.⁵²

36. Transportation, including new and used motor vehicles, motor fuel (e.g., gasoline), and fares for air travel, trains and ships, had an inflation average of 16.3 per cent between January 2021 and September 2022. It reached a peak of 23 per cent in March 2022 but declined again with easing supply chain disruptions and falling costs for shipping and gasoline.⁵³ The United States of America saw the steepest increase in prices for transportation with 12.6 per cent on a 12-month percentage change.⁵⁴

37. Vaccine distribution and rates varied across the region. As of August 2022, only four countries (Aruba, Bermuda, Cayman Islands and Turks and Caicos Islands) in the Caribbean had reached vaccination rates of 70 per cent or more, while 12 of the 26 Caribbean countries and territories reached a vaccination rate of below 50 per cent. The subregional average of full vaccination against COVID-19 reached only 40 per cent, while the regional average for Latin America and the Caribbean was 70 per cent.⁵⁵

38. Both exports and imports of services in the United States of America have still not returned to pre-pandemic levels as travel and transport continued to experience the effects of the COVID-19 pandemic.⁵⁶ In 2022, the United States of America's trade policy favoured fostering self-sufficiency through self-investments in domestic manufacturing and supply chain security to address inflation, the war in Ukraine and economic competitiveness from China.⁵⁷ Additionally, the United States of America are continuing to focus on the decarbonization of global economies in line with the goals of the Paris Agreement, for instance through leveraging regional trade agreements such as the Indo-Pacific Economic Framework (IPEF).⁵⁸

39. The Caribbean's competitiveness has been adversely affected by spiralling transport costs, which are traditionally already high in the Caribbean. Digital connectivity, including information communication technology and e-commerce, has proven to be important for reducing trade bottlenecks. The Caribbean subregion can leverage these tools to reduce transaction cost and increase output in different sectors, thus increasing competitiveness.⁵⁹ Adopting a regional approach and improving international competitiveness to counteract international supply-chain bottlenecks, build resilience and improve trade facilitation, e.g. by simplifying border procedures, could help the region's recovery.⁶⁰

40. As a result of disruptions in supply chains, the United States of America are attempting to safeguard against future shocks by emphasizing investments in domestic production in certain sectors and building new, regionalized supply chains in economic and trade policies. These policy priorities have presented difficulties for trading partners, for instance for Mexico and Canada under the United States-Mexico-Canada Agreement (USMCA).⁶¹

⁵¹ ECLAC: The Caribbean Outlook. Summary. Recovery and Resilience – Repositioning the Caribbean post COVID-19, 2022, p. 5.

⁵² ECLAC: The Caribbean Outlook. Summary. Recovery and Resilience – Repositioning the Caribbean post COVID-19, 2022, p. 6.

⁵³ ECLAC: United States economic outlook – Inflation trends post COVID-19, p. 12.

⁵⁴ ECLAC: United States economic outlook – Inflation trends post COVID-19, p. 12, Figure 6.

⁵⁵ ECLAC: The Caribbean Outlook. Summary. Recovery and Resilience – Repositioning the Caribbean post COVID-19, 2022, p. 31.

⁵⁶ ECLAC: United States-Latin America and the Caribbean Trade Developments 2022, p. 8.

⁵⁷ ECLAC: United States-Latin America and the Caribbean Trade Developments 2022, p. 8.

⁵⁸ ECLAC: United States-Latin America and the Caribbean Trade Developments 2022, p. 9.

⁵⁹ ECLAC: The Caribbean Outlook. Summary. Recovery and Resilience – Repositioning the Caribbean post COVID-19, 2022, p. 20.

⁶⁰ ECLAC: The Caribbean Outlook. Summary. Recovery and Resilience – Repositioning the Caribbean post COVID-19, 2022, p. 20, 21.

⁶¹ ECLAC: United States-Latin America and the Caribbean Trade Developments 2022, p. 9.

D. The Economic Commission for Asia and the Pacific (ESCAP) region

41. The Asia-Pacific region identified challenges in the COVID-19 vaccine distribution supply chain. Apart from challenges related to regulation and customs clearance, cold chain logistics remained low in particular in the Pacific island countries as well as low- and lower-middle-income countries. Some countries lack critical infrastructure, which led to difficulties to access rural and remote areas.⁶² The Pacific subregion has not made as much progress on the digitalization of trade facilitation measures.⁶³

42. China's GDP was estimated to grow by about four per cent compared to a 5.2 per cent forecast in early 2022. The developed Asian economies were projected to generally experience robust economic growth in 2022. Higher prices and shortages of farming products such as fertilizers are expected to persist in South Asia, which had an expected regional economic output of 5.5 per cent in 2022. This would negatively impact the agricultural sectors in India, Pakistan, Bangladesh and Sri Lanka. Western Asia's growth was projected to reach 4.5 per cent in 2022, with stark variations among the different regions.

43. The volume of freight and passengers is predicted to increase by over 100 per cent between 2015 and 2050 in the Asia and Pacific region. This is due to continuous economic development, population growth and motorization. Thus, over the next decades, the environmental impact, including local and global pollution, will be significant.⁶⁴ The transport sector heavily contributes to carbon dioxide (CO₂) emissions and plays a critical role in mitigating climate change. Road transport alone is responsible for 75 per cent of total emissions from fuel consumption. For instance, transport is responsible for one third of Thailand's GHG emissions.⁶⁵ Cambodia is directing its freight transport mitigation activities for its NDC toward shifting long distance freight movement from trucks to train.⁶⁶ Reducing the environmental impact from transport and freight will remain an important challenge in the region.

44. In addition to the Development Account project on transport and trade connectivity in the age of pandemics, the Economic and Social Commission for Asia and the Pacific (ESCAP) is implementing another research project together with the World Health Organization. "From Lab to Job: Improving Asia-Pacific's Readiness to Produce and Deliver Vaccines" aims to better understand the determinants of vaccine production and delivery in Asia with a focus on questions related to cross-border cooperation, trade and transportation. The project's findings will help developing countries in the Asia Pacific region to improve, inter alia, transport connectivity.⁶⁷ Railway transport has particularly demonstrated resilience during the COVID-19 crisis. Thus, supporting the development of seamless, cross-border multimodal transport corridors and establishing connections between Asia and Europe has been identified as an integral part of the region's response to and recovery from the pandemic. Promoting railway connectivity will further accelerate regional development and integration in Asia and the Pacific.⁶⁸ Establishing multimodal transport corridors in the Asia-Pacific region will also support the development of trade relations between the member States of the region.⁶⁹

⁶² ESCAP: International transport and logistics of vaccines across borders: the case of the Asia-Pacific region: special series on trade and health, 2022, p. 4, 19, 20.

⁶³ ESCAP: International transport and logistics of vaccines across borders: the case of the Asia-Pacific region: special series on trade and health, 2022, p. 23.

⁶⁴ ESCAP: Transport and communication bulletin for Asia and the Pacific, no. 92: Environmental sustainability of transport systems, 2022, p. 5.

⁶⁵ ESCAP: Transport and communication bulletin for Asia and the Pacific, no. 92: Environmental sustainability of transport systems, 2022, p. 97.

⁶⁶ ESCAP: Transport and communication bulletin for Asia and the Pacific, no. 92: Environmental sustainability of transport systems, 2022, p. 94.

⁶⁷ ESCAP: International transport and logistics of vaccines across borders: the case of the Asia-Pacific region: special series on trade and health, Nov. 2022, p. 2.

⁶⁸ ESCAP: Ministerial Declaration and Regional Action Programme for Sustainable Transport Development in Asia and the Pacific (2022 – 2026), p. 8.

⁶⁹ ESCAP: Ministerial Declaration and Regional Action Programme for Sustainable Transport Development in Asia and the Pacific (2022 – 2026), p. 7.

E. The Economic and Social Commission for Western Asia (ESCWA) region

45. Many countries in the Arab region have suffered disruptions from the pandemic, with the region's four top economies Morocco, Tunisia, Saudi Arabia and the United Arab Emirates being particularly impacted.⁷⁰ Generally, the Arab region falls at the lowest end of the global spectrum in regards to the share of external trade in goods (5.8 per cent of overall global exports) and foreign direct investment (FDI) (seven per cent of FDI inflows).⁷¹ Major producers of crude oil such as Iraq and the members of the Gulf Cooperation Council (GCC) were expected to experience accelerated growth in 2022. According to calculations by ESCWA, the GCC subregion largely depends on imports (11.3 per cent of total food imports in 2020) and oil exports (49 per cent of total exports in 2020).⁷²

46. Similar to the ECE region, the COVID-19 pandemic has accelerated the implementation of technological developments in the ESCWA region. Trends in the Arab region show a shift towards increased digitalization of merchandise verification and customs clearance, e.g. through the acceptance of electronic copies of documentation for customs clearance, a reduction of required documents and the launch of an electronic movement permit request service to expedite the issuance of movement permits.⁷³ Customs control authorities in the region relaxed rules, for instance by delaying deadlines for custom duties settlements, easing precautionary sanitary control measures imposed on land transport vehicles or extending operating hours at ports. Exemptions were further made to facilitate the flow of and expedite the clearance of critical traded goods such as medicine and food.⁷⁴

47. The pandemic presents an opportunity for the Arab region for better global and regional trade integration due to global shifts in production, trade and consumption patterns.⁷⁵ Intraregional trade in the Arab region is still weak despite multiple regional trade agreements.⁷⁶ Some countries in the region have started to strengthen their railway networks, aiming to shift a portion of freight transport to railways and thus reducing GHG emissions and environmental impacts of transportation.⁷⁷

48. The Arab region's integration into the global value chains is still limited in certain areas.⁷⁸ However, the economic fallout caused by the COVID-19 pandemic has accelerated the change in global trade and transport as transnational businesses have started to reconsider the organization of their production in order to simplify and diversify the supply chain, thus enhancing its resilience. The Arab region has already started to benefit from nearshoring as some European countries have started relocating parts of their manufacturing activities to Arab Mediterranean countries.⁷⁹ Opportunities for countries in the Arab region to grow and diversify their economies particularly arise in the automotive supply chain.⁸⁰ Given a rapid growth of services trade, the Arab region would further benefit from the development of new "deep trade agreements", for instance for (digital) services.⁸¹

⁷⁰ ESCWA, Trade facilitation and supply chains in the Arab region in the era of the COVID-19 pandemic, December 2022, p. 7.

⁷¹ ESCWA, COVID-19 and its impact on Arab economic integration, November 2022, p. 6.

⁷² ESCWA, COVID-19 and its impact on Arab economic integration, November 2022, p. 6.

⁷³ ESCWA, Trade facilitation and supply chains in the Arab region in the era of the COVID-19 pandemic, December 2022, p. 3, 4.

⁷⁴ ESCWA, Trade facilitation and supply chains in the Arab region in the era of the COVID-19 pandemic, December 2022, p. 4, 5.

⁷⁵ ESCWA, Trade facilitation and supply chains in the Arab region in the era of the COVID-19 pandemic, December 2022, p. 7.

⁷⁶ ESCWA, COVID-19 and its impact on Arab economic integration, November 2022, p. 10.

⁷⁷ ESCWA, Trade facilitation and supply chains in the Arab region in the era of the COVID-19 pandemic, December 2022, p. 13, 14.

⁷⁸ ESCWA, COVID-19 and its impact on Arab economic integration, November 2022, p. 55.

⁷⁹ ESCWA: Trade facilitation and supply chains in the Arab region in the era of the COVID-19 pandemic, December 2022, p. 7.

⁸⁰ ESCWA: Land electric mobility in the Arab region: Options and opportunities, December 2022, p. 50.

⁸¹ ESCWA, COVID-19 and its impact on Arab economic integration, November 2022, p. 54.

49. Trends in this region show increased digitalization of merchandise verification as well as customs clearance. The implementation of technological advances used in these processes has been accelerated by the pandemic.⁸²

IV. Conclusions and the role of United Nations inland transport conventions and the international regulatory system in strengthening inland transport resilience in a setting of multiple global crises

50. Globalization which started in the 1990s was built on the obvious advantages of an open international division of labour in multi-country production that compelled countries to cooperate and maintain trade openness under normal times. The role of the three pillars of international transport – aviation, maritime and inland transport – has proven a critical component that has led to the rise of global value chains.

51. Growth prospects of the global economy weakened significantly in 2022 in the context of the war in Ukraine and rising conflict worldwide, as well as increasing energy, food and commodity prices, rising inflation and stricter monetary policies by major central banks.

52. Inland transport was one of the critical areas affected. The transport sector was heavily impacted and affected by national and international responses to the pandemic and its aftermath, supply chains resilience was tested and the impact of conflict was felt literally around the world.

53. These disruptions created a vicious cycle which had led to increased support for medium to longer-term shifts in global production in order to shorten supply chains, as a part of company and government-level risk-management strategies in the face of continued uncertainty. Current trends of nearshoring and reshoring indicate increasingly a changing global economic geography. Due to a large part to major disruptions in supply chains discussed earlier in this paper, calls for geographically more diversified production chains and for more local production have intensified as security of supply concerns have assumed new importance relative to efficiency and cost considerations.

54. Historically, global value chains (GVCs) have on balance proved to be a force decreasing inflation levels. It follows that in a global economic geography of continuing realignment, with resilience set increasingly as a higher priority than efficiency, keeping markets open is key for continued growth and development nationally, regionally and globally.

55. The Inland Transport Committee (ITC) during its plenary sessions since 2020 has taken a leadership role in helping build consensus on the important role of transport in leading global recovery from the pandemic and strengthening resilience against future crises, among others by endorsing a Ministerial Resolution entitled “Enhancing resilient inland transport connectivity in emergency situations: an urgent call for concerted action” (ECE/TRANS/304, Annex I).

56. In the face of the pandemic, the Committee and its subsidiary bodies continued the development and implementation of a new generation of legal instruments supporting the digitalization/computerization of transport and border-crossing procedures, and the deployment of existing mechanisms and networks in order to accelerate the post-COVID-19 economic recovery of contracting parties to support member States’ efforts for a sustainable recovery. These measures included the leveraging and acceleration of digitalization/computerization of existing legal instruments on transport and border-crossing procedures, such as eTIR and eCMR. The acceleration of eTIR International System development and its promotion as the tool that ensures paperless, seamless and contactless

⁸² ESCWA: Trade facilitation and supply chains in the Arab region in the era of the COVID-19 pandemic, December 2022, p. 3.

border crossing operations while keeping the borders open and keeping drivers and customs officers protected from the virus was welcomed by TIR contracting parties.

57. Furthermore, through its cutting-edge regulatory work supporting the transition to green transport and critical decisions to further accelerate the Committee's work and impact on climate change mitigation, the Committee is gearing up for ensuring an enhanced regulatory framework and international regulatory support for global efforts and commitments under the 2015 Paris Agreement.
