

ITF SG Young Tae Kim Speaking Notes: ESCAP video message for roundtable on resilient supply chains and connectivity

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As a result of the Covid-19 pandemic, there were significant disruptions and restrictions in the flow of people and goods worldwide.

In particular, landlocked regions that were more reliant on overland border crossings were significantly impacted by the sanitary measures put in place at a global level to limit the spread of Covid-19.

The results show that this period resulted in significant transport demand reductions, and highlighted the fragility of global supply chains.

However, these disruptions were short-lived.

They are not projected to have long-term impacts on the growing transport trends in the region.

For Asia in particular, this means that despite this covid related contraction there is expected to be significant growth over the coming decades.

Given this expected growth in transport activity, it is essential to focus on decarbonisation because greenhouse gas emissions are a key contributor to climate change on a global scale.

The economic and societal impacts of climate change will be felt across national boundaries, with increasing transboundary risks because of interconnected and global supply-chains, global markets, and natural resource flows.

It is therefore imperative for decarbonisation to become a **global** policy priority. To achieve decarbonisation, national, regional, and global efforts will be needed.

To address the issue of decarbonising while recovering from the pandemic and fostering economic growth in Asia, we developed a companion series to the ITF's flagship publication, focusing on 3 different regions of Asia.

The ITF Transport Outlook 2021 analysed different pathways to decarbonise global transport while recovering from the impacts of the Covid-19 pandemic.

Drawing on the modelling and outputs from that report, we have produced the “ITF Transport Outlook – Special Issues for Asia: Policy Analysis and Implementation”.

This is a particularly challenging exercise to do for Asia. It is a diverse region that spans vast distances and has differing urbanisation rates, economic outlooks and energy resources.

Improving connectivity to support economic growth is a strategic priority for economies in Asia. There are currently large connectivity gaps in many countries.

However, it is important to understand what drives those gaps, and how increased connectivity can align with environmental aims.

Connectivity has different components. There is a transport component, that encompasses the efficiency of the system, the quality of the infrastructure, and the operational and policy side.

But there is also the geographic and spatial component.

Much of the connectivity gap is due to **geography**.

Improvements to infrastructure and the resilience of supply chains are therefore unlikely to entirely overcome the connectivity gaps of more remote regions, when compared to regions that are more central.

This calls into question the aim of increasing connectivity for the sake of connectivity.

Connectivity is important, but in order to have positive human and environmental outcomes it needs to be aligned with environmental goals and should focus on regionalization.

To this end, it is important to design measures that mitigate the rise of transport emissions as demand grows in Asia and connectivity improves.

Historically, more connectivity has meant more reliance on carbon. To meet the challenges of decarbonisation while simultaneously enhancing the wellbeing of citizens will require a change in the paradigm of connectivity.

More ambitious policy measures will be required to prevent conflicts with other public policy objectives, such as the Paris Agreement or the UN Sustainable Development Goals.

So what do we recommend?

Improved connectivity should be decoupled from increased carbonization.

This means that connectivity improvements should focus on regional connectivity and sustainable growth, linking decarbonisation and regional connectivity to develop resilient transport sectors.

Improvements should not just focus on infrastructure, but soft measures will also play a large role. To this point, it is imperative that cross-border trade facilitation is improved to enhance connectivity through proper policy and planned investment in infrastructure.

Finally, to have sustainable supply chains we need to establish coherent freight reforms for sustainable outcomes.

Furthermore, in order to mainstream sustainability considerations in freight transport planning, gathering and analysing transport statistics will be crucial, an element that is lacking in the region currently.

Gathering data allows us to identify gaps and opportunities, while setting feasible targets.

Governments need to create a coherent framework of economic and regulatory incentives and penalties to align economic objectives with sustainability goals.

Including freight transport emissions in carbon-pricing schemes is a critical instrument that policy makers have at their disposal to foster a green transition.

I will conclude by saying that we have drawn many lessons from the Covid-19 pandemic – in the context of this panel, one of the most important lessons we learned is that positive policy and operational changes are possible. This can involve streamlining procedures and digitizing processes. Importantly, these changes **do not need to be slow**.

As we continue to improve the connectivity of the region, it is important to keep in mind that growth and sustainability can work together to

achieve continuing growth to provide the citizens of Asia with better life outcomes, today and in the future.