

# Prospects for the Development of the Transport Sector of the EAEU in the Context of Digitalization



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**Abstract** The purpose of the chapter is to study the prospects for the development of a unified transport network of the EAEU states in modern conditions of digitalization of the economy. The authors conclude that the development of the transport network of the EAEU countries in the context of digitalization is impossible without modernizing approaches to managing the transport system and using new technologies, such as intelligent transport systems, digital logistics; systems of electronic exchange of information and document circulation; online services based on the “one-stop-shop” principle. According to the authors, building an ecosystem of digital transport corridors will reduce transport costs; increase the throughput of the EAEU ITC and their competitiveness, which in turn will contribute to the creation of new production of goods and services, attracting labor resources to the economic activities of the integration space.

**Keywords** Transport · Transport policy · Logistics · Transit traffic

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## 1 Introduction

The development of the transport system plays a huge role in the development of any state since it unites disparate areas of the territory into a single whole. That is why the transport system is rightfully compared to the country’s circulatory system. Based on the development of the transport system, a territorial division of labour is formed, migration flows arise, and meets the needs of the population in transportation and tourist services. It is the level of development of the country’s transport system that determines the state of its socio-economic development. The success of

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integration processes and the formation of a single economic space largely depend on the transport network and its effective functioning.

The Eurasian Economic Union is the youngest integration association in the post-Soviet space and includes Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia. The strategic goal of the association was the modernization of national economies, the growth of their competitiveness and the welfare of the population. All this is achieved by jointly combining the efforts of the countries of the union and achieving a synergistic effect from the implementation of joint projects.

The EAEU Treaty includes various aspects of the interaction between member states, including transport issues. Effectively built transport corridors are an important factor in the development of production, increasing competitiveness, attracting qualified labour and giving a powerful impetus to the socio-economic development of integration.

## 2 Materials and Method

To write this article, the authors used the methods of statistical analysis, studied the regulatory documents of the EAEU countries on the development of the transport system, articles in the open press, and conducted a content analysis of Internet sources.

## 3 Results

The efforts of the EAEU countries are aimed at creating institutional conditions for the development of a modern unified transport network that would contribute to the cheapness and speed of international transportation. The Department of Transport and Infrastructure was created within the framework of the European Economic Commission of the EAEU, the Advisory Committee on Transport and Infrastructure of the EEC operates, whose functions include the examination of projects in the field of transport infrastructure, the development of proposals for the development of road facilities, logistics, development of road infrastructure.

In December 2016, the Main Directions of the Transport Policy were approved, suggesting the removal of restrictions on transportation by all modes of transport until 2025. And in 2017, within the framework of these areas, “road maps” were approved containing specific measures to create a single transport space and a common market for transport services in the EAEU.

In 2018, the Council of Heads of Authorized Bodies in the Field of Transport of the Member States of the Eurasian Economic Union was created (Cooperation in the field of transport with the EAEU member states, n/a).

The development of the transport sector is of particular importance for the EAEU since apart from Russia, none of the Union countries (Belarus, Kazakhstan, Armenia

and Kyrgyzstan) has an outlet to the sea. Calculations show that a landlocked country incurs transport costs for every 1000 km distance seven times more than for maritime powers. A doubling of transport costs, according to available estimates, reduces the country's foreign trade turnover by about 80% (Chibuchkhyan et al., 2018).

The development of the transport sector is influenced by many factors: the state of the world economy, political events (for example, the Nagorno-Karabakh conflict), the geographical remoteness of states from world markets, regional specificity and the level of development of the transport infrastructure of countries, uneven transit flows, country barriers, etc.

There are about sixty obstacles in trade between the EAEU countries alone. Eliminating at least some of them could reduce business transaction costs by \$100–120 million, and the cumulative positive effect would be from 1.5 to 2 percent of the value of mutual trade (Russian Newspaper, (n/a)).

One of the serious barriers to the development of the Union is the various requirements for the overall dimensions and weight of the cargo (the maximum permissible weight of a loaded vehicle (News of Eurasia, n/a). So, if in Belarus the maximum permissible weight of a two-axle truck is 20 tons, and a five-axle one—41 tons, then in the Russian Federation these norms are 18 and 35, in the Republic of Kazakhstan—18 and 38 tons, respectively.

In Armenia, the maximum permissible vehicle weight is 36 tons (the lowest rate in the territory of the EAEU), and in the Russian Federation—44 tons, which leads to additional costs for Russian transport companies, and not only. Such discrepancies complicate the planning and implementation of road transportation within the EAEU.

Failure to recognize compulsory motor vehicle liability policies is a serious barrier in the field of international logistics. Only Russia and Belarus recognize the national MTPL policies “Green Card” (Sputnik, n/a).

The paper format of documents, differences in customs and transit procedures, etc., hinder the acceleration of the movement of goods.

Real freight traffic in 2020 was strongly influenced by the pandemic. The fact is that some of the projects included in the national project “Transport part of the comprehensive plan for the modernization and expansion of the main infrastructure for the period up to 2024” is off-budget; therefore, their implementation directly depends on the decision of private investors. Investor rejection risks may lead to a revision of the project parameters.

Despite all the difficulties, the EAEU has significant economic potential: a network of important transcontinental international transport corridors (ITCs) runs across the territory of the Union countries along the West–East and North–South lines, which can ensure the growth of the economy of the EAEU member states. However, the action of objective and subjective factors does not provide the required efficiency of freight traffic (Vysotskaya, 2019).

Addressing the issues of reducing transport costs, the EAEU countries take measures to obtain the possibility of access to seaports. So, in Armenia, a project is being implemented to build an Iranian-Armenian railway as a transit link of the ITC “Persian Gulf-Europe”. Thus, the Republic of Armenia organizes direct rail

links with the EAEU countries, which will solve the problem of the isolation of its territory from the countries of the integration association (Almetova et al., 2018).

The proposals of Uzbekistan on joint implementation of the Trans-Afghan Railway project with the EAEU, Kazakhstan's proposal to create within the EAEU a single network of wholesale distribution centers providing specialized services (storage and processing of goods) before their distribution and sale are discussed (Sputnik, n/a).

An important task of the EAEU is to ensure an increase in transit freight traffic between China and Europe. The transit land route through the territory of the EAEU is faster than the sea route and cheaper than the air route. Building relations between China and the EAEU according to the "One Belt—One Road" type is of great importance for the creation and development of the Eurasian partnership (Vysotskaya, 2019). The PRC presents this partnership as a kind of symbiotic system with a free structure, high inclusiveness, and the main principle—"partnership without forming a union" (Blog of Nikolai Kapustin, 2018).

Currently, the volume of trade between China and Western Europe, according to some estimates, is about 1200 billion dollars, and only about 4–5% of all traffic goes through the territory of the CIS countries. This is the potential that the EAEU needs to master for further economic development (Sputnik, n/a).

Improving the transport component of the EAEU countries in conditions of digitalization is impossible without modernization of approaches to the management of the EAEU transport system and the use of new digital technologies (intelligent transport systems, digital logistics; information exchange and document management systems; online services based on the "single window" principle (The Ministry of Transport of the Russian Federation, n/a).

In 2019, a project was developed to create an ecosystem of digital transport corridors (ECTC) of the EAEU with a horizon until 2025. According to estimates, the total cost of the formation of the ECTC will amount to 10 billion rubles, and the effect—154 billion rubles.

The ecosystem of digital transport corridors is an open system of information services based on a digital platform aimed at efficient interaction of transport companies and cargo owners in all member states EAEU, as well as from third countries.

The ecosystem of digital transport corridors allows for the development and implementation of many innovative projects. An example is a project for the implementation of digital navigation seals, which are essentially an onboard computer containing all the necessary information for transportation (Internet Portal CIS Space of Integration, n/a). In the future, trade flows will be controlled virtually.

The implementation of the project for the development of an ecosystem of digital transport categories involves the creation of common information resources, which will include information on all main routes of the countries of the integration group, roadside service facilities, checkpoints and customs control. The implementation of this project will significantly reduce the transportation time by building optimal transport routes. The advantage of this project is also that the number of services can

be increased in the future, which significantly increases the efficiency of cross-border cooperation.

Recently, the EEC approved a program for the trial operation of a certification center of a trusted third party service of an integrated information system for the formation of cross-border electronic document circulation within the union.

The Russian Export Center and the Russian-Singapore Business Council launched a pilot project for the placement of Russian companies on a B2B electronic platform (the platform is entirely Russian development).

Since, according to analysts, by 2028, almost half of global consumption will come from Asian countries, this project is a real opportunity for high-tech Russian companies to enter the promising markets of Southeast Asia, Africa and Europe (Russian Newspaper, n/a). The project is one of the most important for the development of digital transport corridors “East–West” and “North–South” and the creation of a network of technology transfer, industrial cooperation and subcontracting.

For the implementation of the ECTC project, certain efforts will be required. They are related to the fact that although there are platforms and information systems for transport in the EAEU, countries do not carry out any exchange of information, there are no uniform standards and rules for exchange within countries and no sectoral mechanism that supports these rules. Without the creation of such a mechanism at the national level, the emergence of a supranational platform is impossible. In addition, the project will remain on paper if there is no access to the internal information of all participating countries.

At present, the countries have agreed to take an inventory of all technological resources, to open a joint technology competence center. The EEC proposed to create a system of cross-border space of trust, develop uniform standards for the provision of transport and logistics services and introduce an integrated supervision system (Internet Portal CIS Space of Integration, n/a).

It is predicted that from 2022, due to the implementation of the concept of an ecosystem of digital transport corridors in international transport and logistics transportation, the annual mileage will increase by about 20%, and the price of the transport component in the final product will decrease from 20 to 12–15% (Vysotskaya, 2019).

It is reasonable to consider the proposal to create transit transport hubs in transit regions, where it is possible to redistribute multidirectional freight traffic (Almetova et al., 2018). This proposal will reduce the cost of carrying out transport work and increase the efficiency of road transport in transit.

Some initiatives have already begun to be implemented, including the development of digital transport corridors in the EAEU (integration of information about vehicles, crews, cargo, permits and accompanying documents at all stages of transportation throughout the EAEU).

In 2021–2023, it is planned to carry out work on improving legislation in the field of multimodal and transit transportation, the use of unified documents for the transportation of goods and the rules for carrying out transportation; rational interaction of countries to ensure effective mobility of transit cargo flows in the Union.

## 4 Conclusion

Summing up, it should be noted that in the development of the transport sector of the EAEU many problems and factors leading to the slowdown in the development of international transport corridors. The most pressing are the issues of harmonization and unification of the regulatory framework and standards for transportation.

The introduction of innovative approaches to the international transport system will allow you to solve these problems quickly and efficiently. The introduction of digital platforms and the creation on their basis of an ecosystem of digital transport corridors will reduce transport costs, increase the throughput of international transport corridors of the Eurasian Economic Union, increase the competitiveness of the transport system, which in turn will create a multiplier effect and contribute to the development of new industries for the production of goods and services attracting qualified labour resources to the economic activities of the integration space.

In the future, concerted efforts to create a modern transport and logical infrastructure, apply progressive digital solutions and unify approaches to administration can make the entire Greater Eurasia region a single transport territory, create modern transport hubs, and significantly reduce prices for the provision of transport and logistics services.

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