Virtual session on "Opportunities and obstacles of international road transport in the framework of TRACECA

18 May 2021

The Importance of Transport Facilitation along the TRACECA Corridor and the issue of Freedom of Transit

Alper ÖZEL
Chairman of Executive Committee
Transit Barriers Impede International Trade

Andreas KOPP; the World Bank

Long border waiting times cause serious economic losses across the world

- a 1–day delay in transit reduces trade by 1%
- a 10 per cent increase in transport costs leads to a 20 per cent reduction in trade volumes on average
- High transport costs reduces competitiveness in two ways:
  * Net domestic export prices are reduced
  * Gross imported input prices are higher


- each day in transit is equivalent to an ad-valorem tariff of 0.6 to 2.3 percent
EU RESPONSE TO BORDER RESTRICTIONS DURING THE COVID-19 PANDEMIC CRISIS:

GREEN LANES, TO KEEP BORDERS OPEN!
Comparison
Between annual number road trips in the last 3 years before the pandemic and the annual number of road trips in 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Average Number of Trips to Central Asian Countries After Pandemic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazakhstan</td>
<td>6.00</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>1.500</td>
</tr>
<tr>
<td>Azerbaycan</td>
<td>6.00</td>
</tr>
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</tbody>
</table>

**Average Number of Trips to Central Asian Countries Through Georgian Borders:**

- 9,000
- 18,600
- 33,750
- 23,500
- 24,750
- 4,900

**Average Number of Trips to Central Asian Countries Through Iran Borders:**

- 6,000
- 6,250
- 7,500
- 7,000
- 1,500
- 750

**Total:**

- 500
- 1,100
- 2,000
- 1,250
- 1,500
- 150
**Transit Bottlenecks Along the Caspian Corridor**

### High Costs of Transit Along Caspian Corridor

<table>
<thead>
<tr>
<th>Ro-Ro Lines</th>
<th>Single Trip</th>
<th>Single Trip cost</th>
<th>Round Trip</th>
<th>Round Trip Nm/$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pendik - Trieste</td>
<td>1190 Nm</td>
<td>1.267 $</td>
<td>1.31 $</td>
<td>2.513 $</td>
</tr>
<tr>
<td>Mersin - Trieste</td>
<td>1353 Nm</td>
<td>1.292 $</td>
<td>1.46 $</td>
<td>2.562 $</td>
</tr>
<tr>
<td>Yalova - Trieste</td>
<td>1200 Nm</td>
<td>1.267 $</td>
<td>1.31 $</td>
<td>2.513 $</td>
</tr>
<tr>
<td>Yalova - Sete</td>
<td>1500 Nm</td>
<td>1.719 $</td>
<td>1.03 $</td>
<td>3.407 $</td>
</tr>
<tr>
<td>Zonguldak - Ilichevsk</td>
<td>300 Nm</td>
<td>500 $</td>
<td>1.66 $</td>
<td>1.000 $</td>
</tr>
<tr>
<td>Baku – Aktau</td>
<td>296 Nm</td>
<td>1.200 $</td>
<td>4.05 $</td>
<td>1.800 $</td>
</tr>
</tbody>
</table>

**Limited Ro-Ro capacity: High prices**

Bottlenecks on transit for Turkish road transporters:

- State Road Fund Tax between US $ 80 - US $ 1,000 (Azerbaijan)
- Payable permit charges between US $ 100 – US $ 600 (Azerbaijan)
- Charges payable by Turkish transporters that bring back semi-trailers unloaded from roro vessels between US $ 100 – US $ 350 (Azerbaijan)
- Extra charges on ADR goods (even red pepper is dangerous) up to US $ 320 on average
- Quotas on transit - Lack of sufficient transit permits (Kazakhstan)
- Long waiting times at border crossing points due to insufficient capacity (Turkish-Georgian border, Georgia-Russia border, Azerbaijan-Russia border)
Turkey ranks 47th in the “Global Logistics Performance Index” of the World Bank published in 2018
Kazakhstan ranks 71, Georgia ranks 119, Uzbekistan 99, Ukraine 66 (Azerbaijan not ranked in 2018 index)
Logistics performances must be equalized along the Caspian Corridor for effective supply chains ...
Main exporters are best logistics performers
TURKEY : Key transport connection between China and Europe

A ‘frictionless transport connection’ between Europe - Turkey and Central Asia would increase the benefits for TRACECA region...
ARTICLE 11: FREEDOM OF TRANSIT

1. Any regulations or formalities in connection with traffic in transit imposed by a Member shall not be:
   (a) maintained if the circumstances or objectives giving rise to their adoption no longer exist or if the changed circumstances or objectives can be addressed in a reasonably available less trade-restrictive manner;
   (b) applied in a manner that would constitute a disguised restriction on traffic in transit.
2. Traffic in transit shall not be conditioned upon collection of any fees or charges imposed in respect of transit, except the charges for transportation or those commensurate with administrative expenses entailed by transit or with the cost of services rendered.
3. Members shall not seek, take, or maintain any voluntary restraints or any other similar measures on traffic in transit.

- Transit shall not be an instrument of blackmailing but it should be taken as a geographical responsibility.
- Transit shall be deemed as a universal right defined by international organizations.
- It cannot be an element of negotiating power.
TURKEY supports and invests in:

- Infrastructural improvements of border gates (Kapıkule & Kapitan Andreevo)
- Facilitation & Digitalisation of border and customs processes
- E-permit project (*planned pilot project with Ukraine and Uzbekistan*)
- E-TIR project (*planned pilot project with Iran*)
THANK YOU