



INTERNATIONAL TRANSPORTERS' ASSOCIATION

***“Connecting Asia-Europe,
Reviving Old Routes
for Current Needs”***

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Logistics and Global Competition...

The World Bank studies demonstrate;

- A 1 –day delay in transport of a certain goods; causes a 1 % in its trade..
- A 10 % increase in the transportation costs of a commodity, may cause 20 % less trade of that commodity...



TEPAV studies indicate :

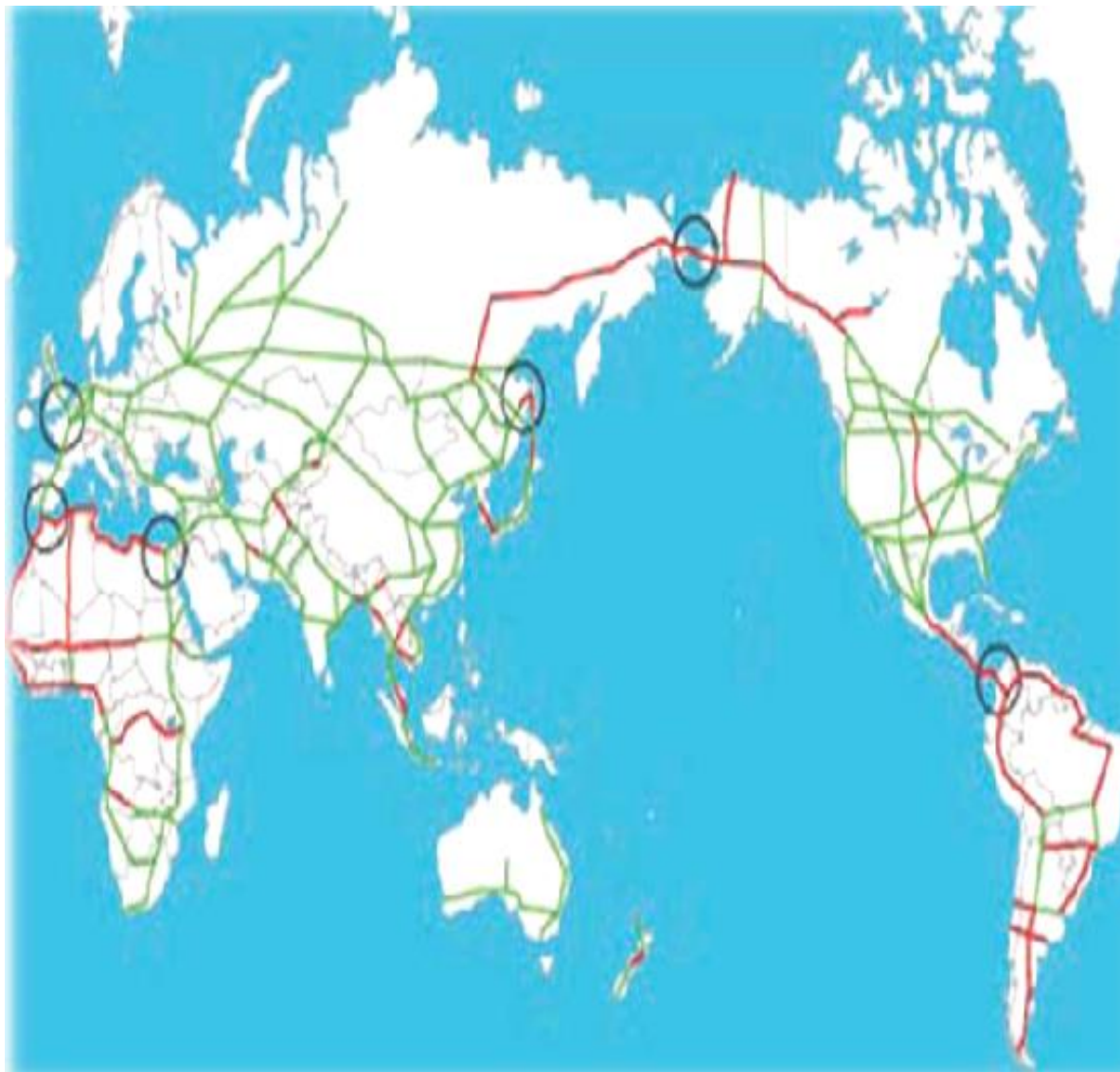
- Every 1 day delay = takes us 85 kms away from our trade partners
- time-sensitive products trade decreases by 7 % for 1 day late delivery...



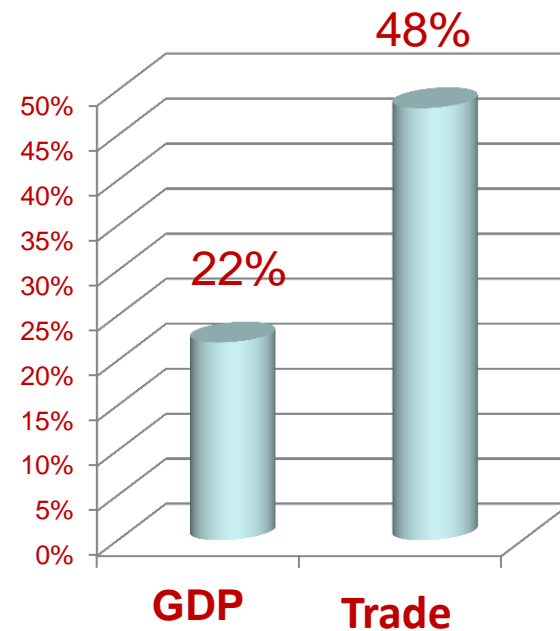
Logistics costs's share in total costs of a product:

Between 12 %- 20 %

Connections Set Up Between Continent ...



World Economy between 1970-2010



Our Strategic Objective: Becoming a Regional Logistics Hub...



Turkey is located at the crossroads of the new global trade attractions including Middle East, Central Asia, Asia and Northern Africa...

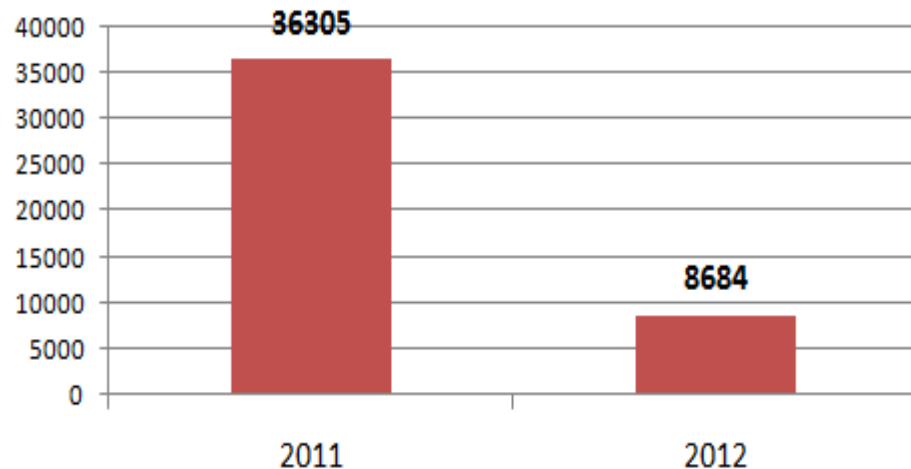
Prepares to offer an uninterrupted, efficient and effective multimodal trade corridor

SYRIAN Crisis, Blocked Trade With the Middle East....

2011 to 2012: Bilateral operations down by 80 %...



Transit Road Trips Through Syria By Turkish Trucks (2011-2012 change)



From 2011 to 2012, transit operations by Turkish trucks through Syria to Middle Eastern countries has decreased by over 300 %

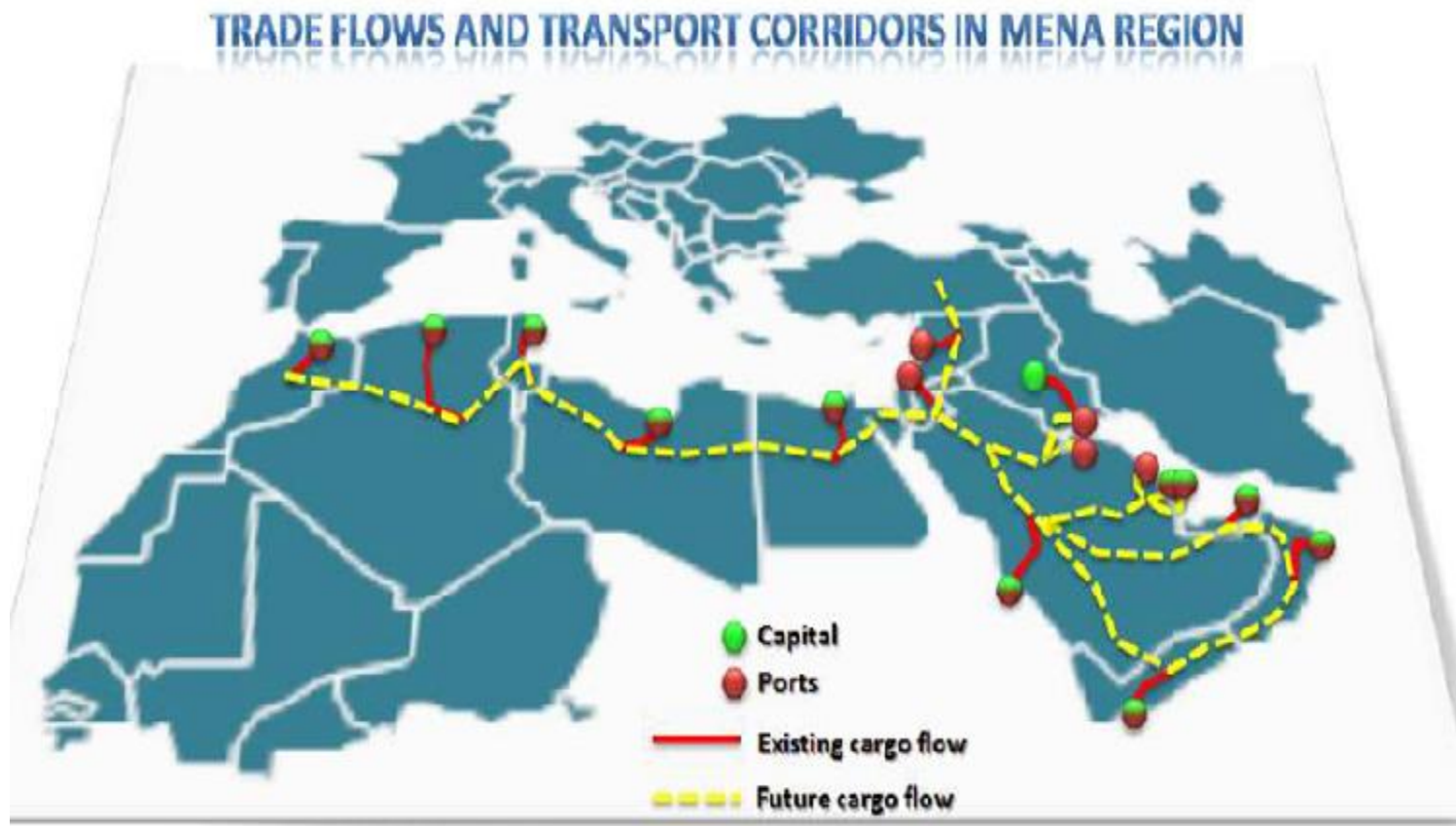
On July 2012: 13 border crossing points were closed ; trade with Syria and 11 countries stopped !



Latest Developments Show that there's an always need for alternative routes for logistics

Importance of International Multi-Modal Transport Links For the Meditteranean – Middle East- Africa Region

% 86
Less trade!



Logistics = Foreign Trade,
Logistics \updownarrow = Foreign Trade \updownarrow

Export Vision for 2023



EU's share in Turkish exports has been decreasing (despite the Customs Union)

% 60 (2007)

% 38 (2012)



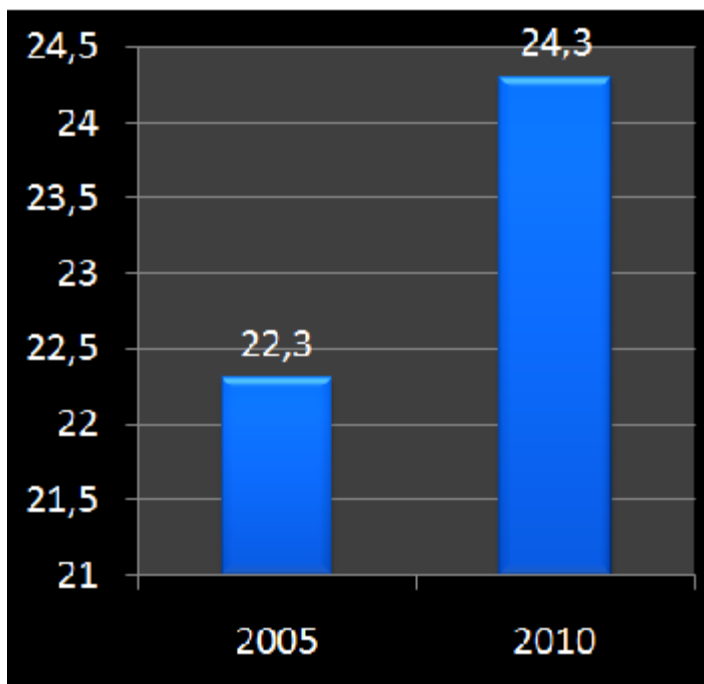
New export routes:

- Middle East
- Common Independent States
- Turkish Republics
- North Africa
- Silk Road

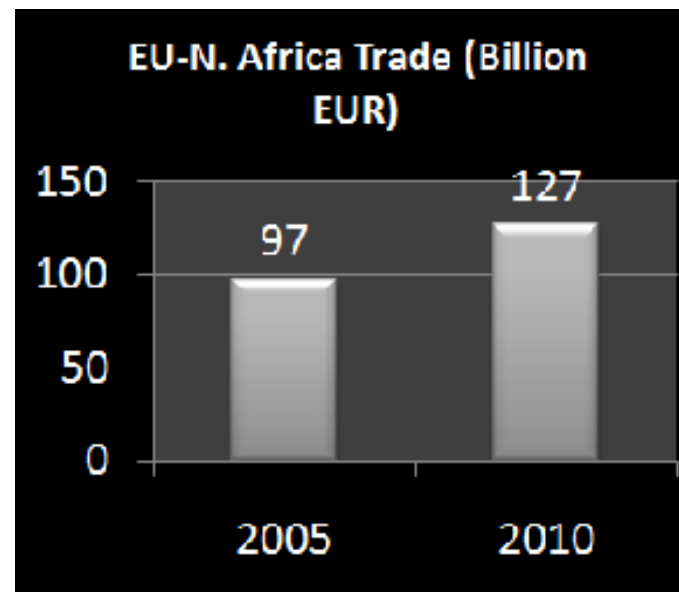


Transport and Trade...

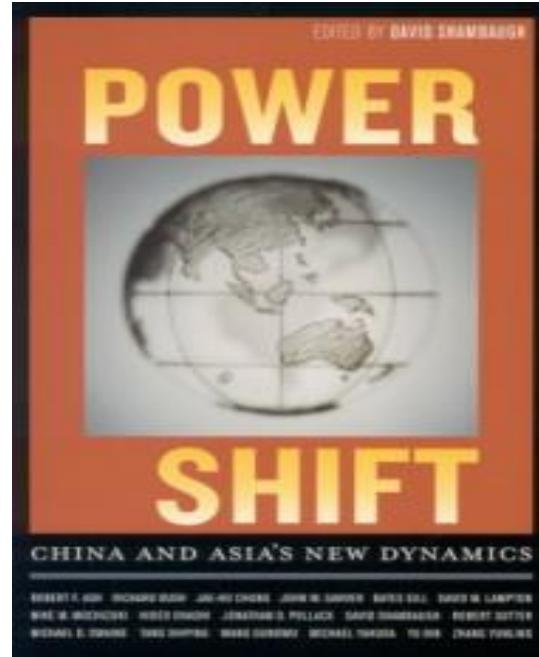
**TRACECA Corridor Projects
Increased EU's trade with TRACECA
Countries by 8,8 % in 5 years !**



**EU-Northern Africa Trade, increased by
30 % in 5 years thanks to Euro-Med
Corridor projects !**



The Axis of Trade Shifted



Production has mainly shifted from West to East

Logistic routes should be established

Should be focused on Commercial Activities for enhancing Import and Export Balance by the necessary authorities.

China should make Road Transport Agreements with other countries

New Perspectives – Arousing Silk Road

A Study based on the criterias by the World Bank

Bottlenecks in Asia and Europe

- **Routes :**
- Route 1) China-Kazakhstan-Russia-Europe
- Route 2) China-Kazakhstan-Caspian Sea-Azerbaijan-Georgia-Turkey-Europe
- Route 3) China-Pakistan-Iran-Turkey-Europe

- Problems Encountered In Countries in Asia
- Problems Encountered in European Countries

World Bank – Global Logistics Performance Index Criterias

- ✓ The efficiency of the clearance process (speed, simplicity, and predictability of formalities) by border control agencies, including customs.
- ✓ The quality of trade- and transport-related infrastructure (ports, railroads, roads, information technology).
- ✓ The ease of arranging competitively priced shipments.
- ✓ The competence and quality of logistics services (transport operators, customs brokers).
- ✓ The ability to track and trace consignments.
The frequency with which shipments reach the consignee within the scheduled or expected delivery time

Disadvantages of Sea Transportation as the only alternative for Chinese Export



- **Ports of China are highly populated.**
- **New modes of transport should be applied for Chinese Export.**
- This will have both positive affect
 - on Chinese economy,
 - to importers,
 - To the countries that are located on the transit itinerary,
 - To the Road Transporters that can not find return load from Kazakhstan and CIS Countries
- Freight prices both from Europe and from Turkey to Kazakhstan and CIS countries are high as there is no return loads. Trucks that will find return loads from China will reduce freight prices and have positive affect on economy.

Route Analysis

1) China-Kazakhstan-Russia-Europe

- It is known that main interest by Europe and Russia is given on this itinerary.
- But alternative routes to Russia should be created
- Especially considering bad weather and road conditions especially in winter



Route 2 : China-Kazakhstan-Caspian Sea-Azerbaijan-Georgia-Turkey-Europe



Disadvantages Of the Line

Insufficient ship departure

Irregular trips

The communication problem with the firm and transporters with the shipping firm

Lack of attention of CIS Country and European transporters to the line

Route 2 : Problems faced in Countries during transit passage



Azerbaijan :

- High Payments without receipts and high costs in the country
- Inefficient custom operations and consequently waiting times in borders



Georgia :

- Bad Quality of the facilities for the drivers in borders both in the border with Azerbaijan and Turkey
- 5.000 GEL-Lari penalty for the trucks that don't present road permits which may affect the cost of the exported good and cause not to choose Georgia as a transit corridor
- Problems encounter with Georgian police and Georgian law courts



Turkey :

- Turkish Custom's operation rate is not fast and efficient as Georgian Customs, both for Customs' infrastructure and operation wise

Route 3) China-Pakistan-Iran-Turkey-Europe



A Different alternative to Russian Corridor which will be beneficial for the both parties

▪ **Disadvantages of the line:**

- Need for logistic infrastructure in China and especially in Pakistan
- Lack of common customs guarantee system in China and Pakistan. Both are not member of TIR System.
- Fuel difference price taken by the Iran authorities and effecting the cost of exports.

Route 3) China-Pakistan-İran-Turkey-Europe

Advantages of the line:

- Advantageous distance of the route
- Ready infrastructure and willingness of Turkey and Iran for re-creating silk road
- Logistic infrastructure and strategic geographical location of Turkey, Current Ro-Ro Lines (To Europe (Italy-Trieste, France-Toulon) To North Africa (Egypt), To Ukraine and Russia



Distances on the Corridors:

A Container sent From Almatı			
Corridor	Arrival Point	Distance	Day
North	Moscow- Russia	4.391	10
West	Baku- Azerbaijan	4.090	13
South	Tahran-Iran	3.120	16
East	Urumqi- China	1.330	5

Source : NEA (2002) and World Bank

Transportation Bottlenecks in Europe

- **Insufficient Transit Quotas given to the Turkish Trucks against GAT Agreement**



Although Germany gives Turkish side 170.000 transit road permits as an exemplary and responsible member of European Union bearing in mind that Turkish trucks are carrying import and export of Germany and United Kingdom Liberalised bilateral and transit transport with Turkey, some European Countries like Austria, the limited quantity of transit road permits (15.000) given.

Discriminatory Applications

- **In the same countries, different itineraries, different quotas:**
- **From west of Italy, Turkish transporters face limited 6.000 transit road permit.**
- **Due to lack of transit road permit, Turkish Transporters are forced to use Ro-Ro lines and facing 1.000 extra kilometres in order to reach France and beyond through Austria and Germany.**

Violation of the Freedom of Transit Rule

- Problems were encountered in 2013 and in 2014 in which Members of European Union; Bulgaria and Romania used transit passing right for their own interest



Examples can be given such as Romania negotiate third country permits in order to provide transit documents to Turkish side.

Bulgarian side sent the road permits of 2014 late in order to strengthen their Request for third country permits

Discriminatory Exercises

- Fees that are taken from Turkish trucks passing transit European Countries :
- In some European countries, from Turkish trucks, transit fees are taken which are not related to the service given and they are non-standard.
- These fees are independent from the use of infrastructure

Country	Transit Road Permit Fee (Return Trip)
Greece	100 €
Bulgaria	86 €
Romania	236 €
Hungary	596 €

Conclusion :

As noted in the beginning of representation, it is evident that in our global world, the trade is not only between countries but between continents.

Logistics is the critical element in global economy.

Road transport cost may seem higher in current picture, comparing sea transport, but growth in western China's economy should be considered as well as the need of establishing alternative routes.

So all the countries should try to establish an uninterrupted, efficient and effective multimodal trade corridors on their own territories for the sake of our future.

Alternative routes should always be considered for export and import.

THANK YOU !