

Impact Assessment of the Coronavirus Outbreak on the Transport Industry of Uzbekistan and Mitigation Measures

Dildora Ibragimova

*Infrastructure Development Project Manager,
Institute of Forecasting and Macroeconomic Research
Republic of Uzbekistan
E-mail: ibrdilya@mail.ru*

Abstract: The article assesses the impact of the anti-crisis measures taken based on the analysis of the volume of cargo transported, and describes the problems of the industry by type of transport in the current circumstances caused by the global coronavirus pandemic. Concrete measures are formulated to mitigate the negative impact on economic development.

Keywords: COVID-19, air transport, road transport, rail transport, transit corridors, multimodal corridors.

Currently, the coronavirus pandemic (hereinafter COVID-19) is considered the most relevant issue of the day all over the world) [**Error! Reference source not found.**].

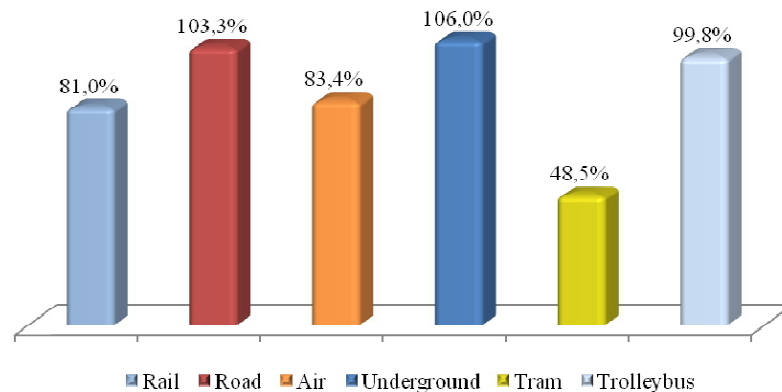
COVID-19 seriously affected all spheres of human activity, literally "paralyzing" the world's largest economies. The activities of transport and logistics companies have also been significantly affected by quarantine measures in connection with the ban on the movement of passengers on all modes of transport [**Error! Reference source not found., Error! Reference source not found.**] and the restriction of cargo transportation by road by some countries, which, in turn, may lead to a decrease in the pace of world trade. However, it is certainly self-isolation and restrictions on public transport that reduce the risks of widespread of the virus.

Losses in the volume of passenger and cargo transportation within the Republic and beyond its borders can undoubtedly significantly slow down the growth of the economy of Uzbekistan. An Anti-Crisis Fund [**Error! Reference source not found.**] has been set up for the duration of antiviral measures to support entrepreneurship, infrastructure projects, and leading sectors of the Republic's economy, including tourism and transport. As a priority measure to prevent the import and spread of a new type of COVID-19 virus, a commission has been established in Uzbekistan to study the situation in the country and abroad in connection with the spread of this type of coronavirus [**Error! Reference source not found.**].

In accordance with the preliminary estimates of experts about the loss of up to 31 million US dollars [**Error! Reference source not found. Error! Reference source not found.**] in the tourism industry of Uzbekistan, as well as the introduction of restrictions on passenger transportation in domestic and interstate communications, the aviation sector of the country has been granted a number of preferences: deferred payment of debt on loans without accrual of penalties, revision of loan repayment schedules of JSC "Uzbekistan Airways", exemption from payment of land and

property taxes, and payment of social tax at a reduced rate of 1 percent [Error! Reference source not found.].

Passenger transportation by rail in the 1st quarter of 2020 decreased to 81%, and by air-to 83.4 %. Carriage of passengers in road transport was 103.3% compared with the 1st quarter of 2019. According to the data, the introduction of quarantine measures did not have a big impact on the drop in traffic (Fig.1). But since April, there has been a sharp decline in passenger traffic on road transport

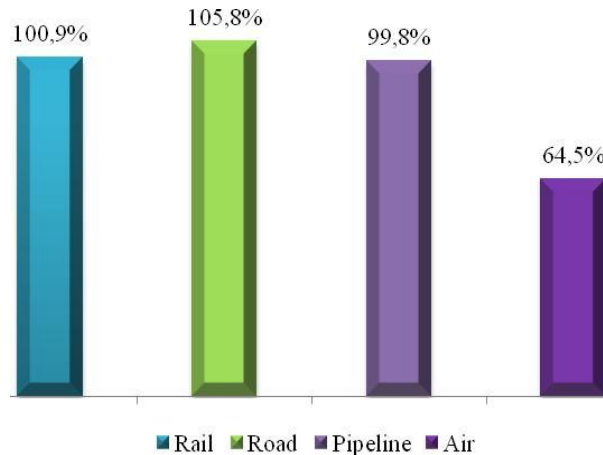


Source: compiled according to the State Committee of the Republic of Uzbekistan on Statistics

Fig. 1. The growth rate of the volume of passengers sent by transport modes in 2020, % to Q1 2019

However, the spread of COVID-19 did not affect the Republic's cargo transportation activities and in order to ensure timely delivery of goods and prevent slowing down of foreign trade transportation processes, the Government of the country is taking increased measures to reorient part of the volume of international road transport to rail, as well as multimodal transport, bypassing countries closed to transportation due to quarantine measures.

Analysis of the dynamics of cargo shipments for the 1st quarter of 2020 shows a 35.5% decrease in traffic volumes due to restrictions imposed during the period of measures taken to combat the pandemic in air transport. In road transport, the volume of cargo sent by the 1st quarter of 2019 increased to 105.8% due to the dispatch of goods in domestic traffic. 17.1 million tons of cargo were sent from the Republic's railway stations, which amounted to 100.9% by Q1 2019. (Fig. 2).



Source: compiled according to the State Committee of the Republic of Uzbekistan on Statistics

Fig. 2. The growth rates of the volume of cargo sent by transport modes in 2020, % to Q1 2019.

In interstate communication.

If in the 1st quarter of this year, the indicators for air (export and import) and road (export and transit) modes of transport had a stable growth rate compared to the same period last year, then in April – may, at the height of the quarantine period, their sharp decline is observed.

And in rail transport, there is a tendency to increase the volume of cargo transportation due to the reorientation of transport from road transport. Thus, in January-may 2020, the volume of transit cargo traffic increased to 121.1%, export-114.3% compared to the corresponding period of 2019 (Fig. 3).

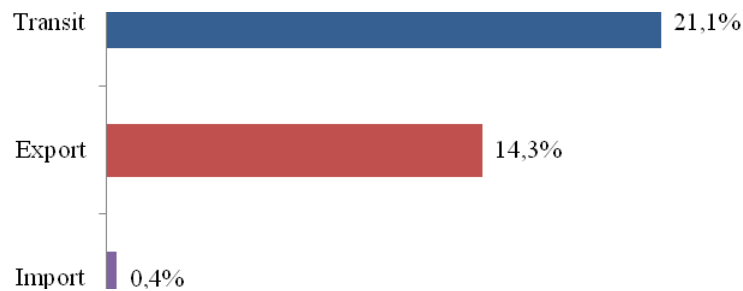


Fig. 3. The growth rates of international rail transport in 2020, % to January-may 2019.

Uzbekistan has trade relations with more than 193 countries of the world, so it is very important to assess its potential in the current extreme conditions for the country and to occupy its niche in the world market of transport services in order to mitigate the negative effects on the country's economy from the COVID-19 pandemic.

A number of problems in transporting goods to foreign countries during the pandemic led to a drop in the volume of cargo transportation by road:

1. Some countries close borders for vehicles to cross;
2. In those countries where there is no restriction on road transport, the following situation occurs: vehicles leave the same country with the export cargo to the destination country, after arriving and crossing the border of the destination country, the cargo is delivered to the recipient. Due to the actions of the quarantine regime for the duration of the pandemic, the driver is moved to the quarantine zone for 2 weeks, then after the end of the quarantine period, the car leaves with another passing cargo to the destination, i.e. to the country of initial departure. Then the driver is moved to the quarantine zone again at the place of stay. Thus, for 1 flight there and back and to the time spent on the road is added about a month because of the quarantine measures taken;
3. As a result of the above-mentioned problem, drivers increase their freight charges, which affects the reduced competitiveness of the automotive services market.

Due to the current problems in road transport, it is considered appropriate to implement a number of mitigating measures and mechanisms to eliminate the congestion and their further development:

1. Cargo carriers need to increase driver shifts per vehicle unit so that the vehicle is not idle while waiting for drivers in quarantine by hiring other drivers from the destination country who have passed the quarantine period. After the arrival of replacement drivers in the destination country, another team is hired to export cargo from Uzbekistan;

2. In order to encourage road carriers to cancel all road tolls for all vehicles, including tolls for tunnels and bridges, until the threat of COVID-19 is removed. Example: China's experience [**Error! Reference source not found.**];

3. Introduce a non-stop and free mode for trucks transporting medical supplies and personnel, as well as cancel or simplify inspections of such vehicles. Example: China's experience [**Error! Reference source not found.**].

A large share of losses is attributed to the Republic's air transport, which is currently limited to the transportation of humanitarian aid goods to certain countries during the crisis. In order to increase profitability, as well as meet the demand of exporters, it is advisable to reorient the activities of air transport and continue the conversion of temporarily stored passenger aircraft to cargo aircraft.

*For reference: the Board of Uzbekistan Airways JSC decided to re-equip Boeing-767-300-ER in the Boeing cargo variant-767-300-PTC (passenger-to-cargo) [**Error! Reference source not found.**]. This will reduce the airline's unprofitability and increase the volume of traffic.*

In this difficult situation, new prospects are opening up for railway transport. Thanks to the cooperation with other countries on a new level and reached international agreements with the railway administrations of other countries, possibilities of development of cargo transportation, improve existing and open new export, import and transit corridors, as well as develop new international multimodal transportations with the use of flexible tariffs.

The main focus is on supporting entrepreneurs and representatives of business communities engaged in foreign economic activities. Thus, in March and April of this

year, three container block trains with export cargo of the Almalyk mining and metallurgical combine joint stock company were sent from the Sergeli railway station (Tashkent) along the Baku–Tbilisi–Kars multimodal route. Such cargo transportation is carried out on a weekly basis. In addition to Turkey, similar block trains are also planned to Russia, the European Union, China and other Asian countries [**Error! Reference source not found.**].

Due to the closure of the Turkmen-Iranian border [**Error! Reference source not found.**], there is a sharp decrease in traffic in interstate traffic along the North-South corridor with a sufficiently developed infrastructure of both countries. The introduction of the Convention ban by Turkmenistan will undoubtedly lead to a decrease in the volume of rail transport, export and transit, on average, by 2% and 2.3% [**Error! Reference source not found.**], respectively, of Uzbekistan's cargo destined for Iran.

The above-mentioned situation with the restriction of cargo transit through the territory of Turkmenistan to/from Iran (North-South transport corridor) also blocks the mutual trade turnover of such countries as China, the Baltic States, Belarus, Ukraine, Russia, Kazakhstan, Tajikistan, Kyrgyzstan, etc. with the countries of the Persian Gulf, Pakistan, India, Bangladesh, etc.

The favorable geographical position of Uzbekistan allows for unrestricted foreign trade transportation along alternative routes and affects the stable functioning of the industry.

There is a strong argument for choosing these routes to the above countries. In the structure of Uzbekistan's foreign trade turnover, China occupies the leading position (at the end of 2019, the bilateral trade turnover exceeded 7.6 billion us dollars, the share -18.1%), followed by the Russian Federation – 15.7% and 6.6 billion us dollars, Kazakhstan – 8.0% and 3.4 billion us dollars, the Republic of Korea – 6.5% and 2.8 billion us dollars, Turkey– 6.0% and 2.5 billion us dollars, respectively [**Error! Reference source not found.**].

In these circumstances, there is a need to use alternative transport corridors to South-East Asia. One of these alternative transport projects is the Kabul corridor [**Error! Reference source not found.**] (Uzbekistan-Afghanistan-Pakistan). It is considered expedient to accelerate the use of existing international highways and the organization of road transport of goods on existing international roads in Afghanistan between the stations of Peshawar (Pakistan) and Mazar-I-Sharif or Galaba (Uzbekistan) under the operator of the Railways of Uzbekistan, with the charging of a tariff for rail transport for the organization of intermodal transport (rail and road). The development of this route will lead to an increase in the transit potential of the countries of the Central Asian region, including Uzbekistan, and the formation of new transit corridors: "India-Pakistan-Afghanistan-Uzbekistan-Kazakhstan-Russia-Belarus-EU", "China-Kyrgyzstan-Uzbekistan-Afghanistan-Pakistan-India" [**Error! Reference source not found.**]. In turn, the above-mentioned measures will allow to fulfill the instructions voiced in the address of the President of the Republic of Uzbekistan to the Oliy Majlis: "According to international experts, by improving infrastructure, ensuring transparency of tariffs and opening new routes, the transit potential of our country can be increased from the current 7 million tons to 16

million." [Error! Reference source not found.].

Based on the above, it should be noted that along with the anti-crisis measures taken during the period of declining business activity of the population, it is necessary to develop organizational and economic measures based on the results of scientific research and forecasts to stabilize the economy, including in the field of transport.

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