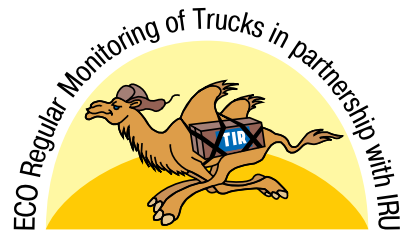


ECO RMT



NELTI-3

FINAL REPORT





Preamble

The Economic Cooperation Organization (ECO) is an intergovernmental regional organization established for the purpose of promoting multi-dimensional regional cooperation and creating socio-economic growth and development of its member states.

The region is full of prospects to develop into a thriving region by possessing enormous natural and human resources with significant share of educated population, and advantageous geopolitical location at the heart of main North-South and East-West Corridors, as the region is bridging Asia and Europe via its transport communications.

Keeping this in mind, ECO has embarked on several regional projects to benefit from its potential and address the outstanding challenges facing the region.

The Silk Road Demonstration Caravan 2010 is among notable projects, serving the identification of obstacles on the way of smooth transit transport by road, which was successfully implemented in partnership with IRU on September-October 2010.

The Caravan made 11,500 km journey during 25 days which enabled to demonstrate the feasibility of regional cooperation on implementation of concrete projects in the context of ECO Transit Transport Framework Agreement (TTFA).

The leaders of the ECO Member States, while appreciating and acknowledging the significance of the initiative in Istanbul, December 2010, called upon the Member States and the Secretariat to start the regular run of trucks in the region.

In pursuance of this mandate, ECO and IRU inaugurated the new project “ECO Regular Monitoring of Trucks” on the sidelines of the 8th Meeting of the ECO Ministers of Transport and Communications (Ashgabat, June 2011). The Project enabled to get real information on the exact situation in all ECO Member States with regard to various aspects of transit operations by road.

Finally, I am pleased to note that the results of monitoring of trucks provided a promising impetus for other corridor related initiatives in partnership with IRU.

We are thankful to the Governments of the Member States and the IRU for supporting this ECO’s initiative and their tangible and meaningful contribution to the Project.

Dr. Shamil Aleskerov
ECO Secretary General



Identifying barriers to road transport

When you stop and think about how economies and societies grow and thrive, you realise that road transport is the driving force and backbone behind it all. No other mode provides flexible and unique door-to-door services available to everyone, everywhere at anytime. It ensures a better distribution of wealth by connecting businesses to world markets, which is why any penalty on road transport is an even greater penalty on the economy as a whole.

In order to identify barriers that impede road transport from playing its key role in society, the IRU launched a project in June 2011 with the Economic Cooperation Organization – the ECO Regular Monitoring of Trucks/NELTI-3. This project aimed to build on the success of the 2010 ECO-IRU Silk Road Truck Caravan, as well as phases 1 and 2 of the IRU’s New Eurasian Land Transport Initiative (NELTI).

Completed in 2012, NELTI-3 allowed us to collect data on current road transport conditions for commercial cargo deliveries in all 10 ECO Member States. The data was analysed by an independent scientific institute and revealed that up to 40% of transport time is lost at borders and up to 38% of transport costs are due to unofficial payments.

This final report identifies barriers to road transport in the ECO region such as inappropriate Customs formalities and controls, non-harmonised commercial traffic regulations, numerous check points, cumbersome visa processes for drivers and transport operators, and the partial implementation of key UN multilateral trade and transport facilitation instruments, which ECO Member States have already ratified. The report stresses that ECO governments should effectively implement these instruments to facilitate trade and road transport and stimulate economic growth.

The IRU is committed to “working together for a better future” and we are seeking to raise global awareness and share the message that identifying barriers to road transport is the first step in allowing this unique mode to successfully drive progress, prosperity and ultimately peace for the benefit of all societies and regions worldwide.

Umberto de Pretto
IRU Secretary General

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CHAPTER 1

INTRODUCTION

ECO RMT/NELTI-3

Following the success of the joint ECO-IRU Silk Road Truck Caravan in 2010, aiming to enhance the performance of the road transport sector in the countries it encompasses, the Economic Cooperation Organization (ECO) had joined forces with the IRU in another project, namely ECO RMT/NELTI-3. For this project, data have been collected by professional drivers about the current conditions of international road transport during commercial cargo deliveries. This data has been compiled and analysed in cooperation between the IRU and Panteia/NEA.

One of the main objectives of the ECO, as dictated by the founding Member States, is to promote economic cooperation and trade throughout the ECO region by facilitating transport, notably international road transport, as a key to sustainable development and integration with the world markets.

In this connection, the ECO Secretariat attaches priority to actions and activities with a view to achieving progress in the following areas:

- Improve the performance of the road transport industry, in particular international road transport;
- Assist the Member States' governments in improving, facilitating and harmonising customs procedures and the conditions of international road transport;
- Support development of an efficient transport network system.

As one of the first steps towards these goals it is crucial to obtain up-to-date information about the conditions of international road transport, such as border waiting times, customs procedures, controls and roadside checks as well as existing transport infrastructure along major transport routes in the ECO region so that real impediments can be identified and right solutions can be implemented to remove or reduce physical and non-physical barriers to road transport.

In this context, the ECO and the International Road Transport Union organised the 'ECO-IRU Silk Road Truck Caravan' with the participation of eight ECO Member States between 22nd September and 24th October 2010. The successful results of this Project were noted



by the leaders of the ECO Member States at the 11th ECO Summit Meeting (Istanbul, December 2010), who called upon all the relevant parties to implement the regular runs of the truck caravans in the ECO region in 2011.

In order to meet this specific instruction of the ECO Heads of State and in true public-private partnership, the ECO and the IRU agreed to cooperate on a new joint project named 'ECO Regular Monitoring of Trucks in partnership with IRU NELTI-3' (ECO RMT/NELTI-3).

The ECO RMT/NELTI-3 project consists of collecting and analysing data about the current conditions of international road transport faced by professional truck drivers during international commercial cargo deliveries. This data has been collected through special questionnaires and logbooks filled in by drivers of the participating companies from the 10 ECO Member States. Various methodologies, for instance the UNESCAP Time-Distance-Cost methodology have been applied for analysing the collected data.

The project takes into account the importance of strict implementation and need for further expansion of the TIR system in the ECO region and the common interest of the ECO and the IRU to establish a regional road transport permit or licence system similar with European best practices.

About NELTI

Fast development of the economic cooperation and trade relations between Europe and Asia cannot be successful without efficient organisation of transport. Historically maritime transport played a major role in supporting the trade flows between these two regions. Nowadays new, alternative means of transport are also taken in consideration, in order to avoid maritime transport and find more competitive and attractive solutions.

The NELTI initiative is one of them. With its global aim to contribute to the revival of the Great Silk Route and promote the Eurasian land transport corridor through Central Asia and the Caucasus, it definitely represents an interesting option for the transportation of goods between Europe and Asia. At the same time, the existence of the other alternative transport links, for example, the project of the TransSiberian railroad revival, as well as already established and well-functioning maritime links between Europe and Asia, make it necessary to study in detail the competitiveness of NELTI Northern, Central and Southern

routes. The NELTI monitoring project was initialised for this reason. Its objective was to get a complete picture of the situation in the region, designate existing problems and see clearly the advantages between existing alternatives.

The project 'New Eurasian Land Transport Initiative' (NELTI) was devised by the International Road Transport Union in 2006-2008 with the aim to develop regular commercial freight haulage by road transport between China, Central Asian countries and Europe. The NELTI start-up conference in Tashkent, Uzbekistan, formed the starting point for the caravans to drive from Tashkent to several destinations in Europe.

After the results of the NELTI pilot phase were summed up at the IRU 5th Eurasian Conference in Almaty (Kazakhstan) on 11 July 2009 and the project's high efficiency was acknowledged, both the organisers and the participants decided to put into effect its second phase beginning on 1st July 2009.

Phase 2 of the IRU NELTI project was carried out during 2009 and 2011 in close collaboration between the IRU and the Asian Development Bank (ADB) under the aegis of the bank's Development Programme for the Central Asian Regional Economic Cooperation organisation (CAREC). NELTI to monitor haulage operations according to the UNESCAP improved methodology.

The successful implementation of NELTI stimulated the IRU to proceed with ECO RMT/NELTI-3, focusing on the member countries of ECO. This publication presents the results of ECO RMT/NELTI-3 based on driver records written-up between 2011 and 2012.

This story does not end at ECO RMT/NELTI-3. Recently, in February 2012, NELTI-4 was launched to analyse and promote the external and internal road transport links of the countries of the Arab League of States and connect them to the Euro-Asian transport corridors.



ECO RMT

ECO Regular Monitoring of Trucks in partnership with IRU

NELTI-3

CHAPTER 2

ECONOMIC COOPERATION ORGANISATION (ECO)

Introduction

Economic Cooperation Organisation (ECO) is an intergovernmental regional organisation established in 1985 by Iran, Pakistan and Turkey for the purpose of promoting economic, technical and cultural cooperation among the Member States.

ECO is the successor organisation of Regional Cooperation for Development (RCD) which remained in existence since 1964 up to 1979. In 1992, the Organisation was expanded to include seven new members, namely: Islamic Republic of Afghanistan, Republic of Azerbaijan, Republic of Kazakhstan, the Kyrgyz Republic, Republic of Tajikistan, Turkmenistan and Republic of Uzbekistan.

Figure 2.1 ECO Member States





Population and GDP

The total population of the ECO region in 2010 was 416 732 000 people of which 41.2% from Pakistan (Table 2.1). Iran and Turkey had a share of 17.8% and 17.5% of the total population. The five countries Turkmenistan, Kyrgyzstan, Tajikistan, Azerbaijan and Kazakhstan together count for a share of only 10.4% of the total population.

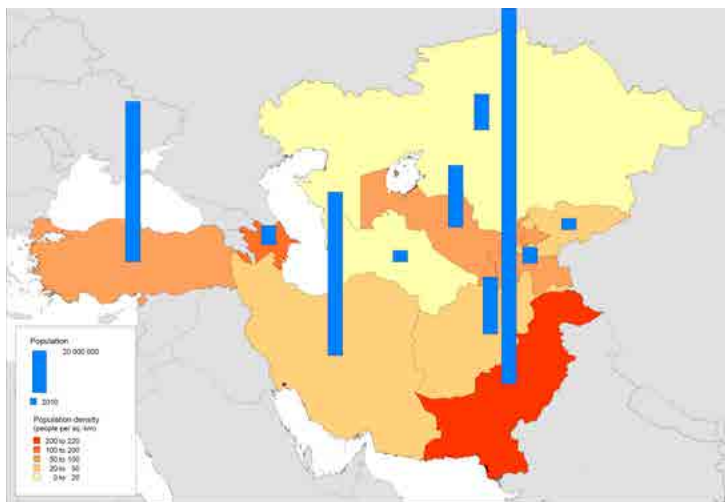
Figure 2.1 shows a map with the population of the ECO Member States and the population density per country.

Table 2.1 Population ECO Member States (2010)

Country	Population	% of Total
Afghanistan	25 986 000	6,2
Azerbaijan	9 054 000	2,2
Iran	74 339 000	17,8
Kazakhstan	16 323 000	3,9
Kyrgyzstan	5 448 000	1,3
Pakistan	171 730 000	41,2
Tajikistan	7 573 000	1,8
Turkey	73 003 000	17,5
Turkmenistan	5 042 000	1,2
Uzbekistan	28 234 000	6,8
Total	416 732 000	100,0

Source: ECO Key Statistical Indicators 2011

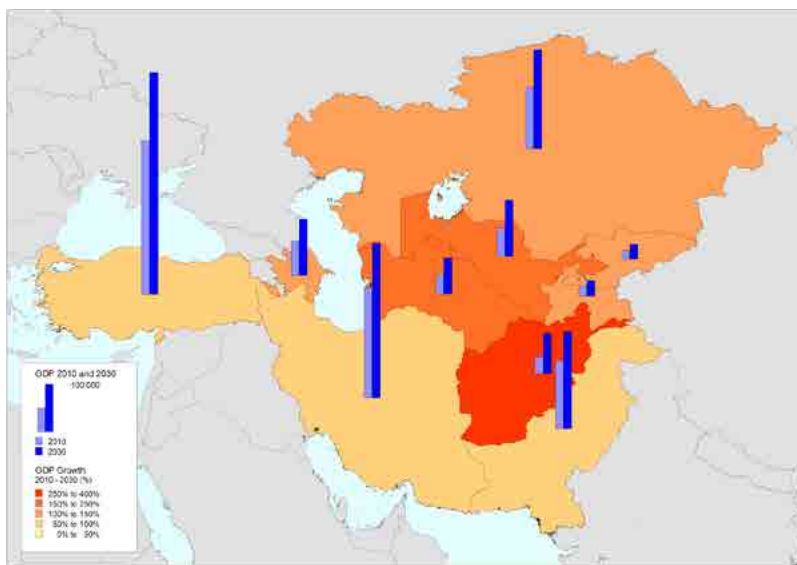
Figure 2.2 Population ECO Member States (2010)



Source: Panteia, Business Unit Panteia/NEA

The average GDP in the ECO region in 2010 was 3 926 USD per capita at current prices. Figure 2.3 shows that the ECO region consists of two groups of countries regarding the GDP per capita: Afghanistan, Tajikistan, Kyrgyzstan, Pakistan and Uzbekistan with each less than 1 379 USD per capita; and Turkey, Kazakhstan, Turkmenistan, Azerbaijan and Iran with each more than 5 922 USD per capita.

Figure 2.3 GDP per capita in ECO Member States (2010, forecast for 2030)



Source: ECO Key Statistical Indicators 2011

Brief history

The ECO was established in 1985 as a trilateral organisation of Iran, Pakistan and Turkey to promote multi-dimensional regional cooperation with a view to creating conditions for sustained socioeconomic growth in the ECO Member States.

The Treaty of Izmir, signed in 1977 as the legal framework for the RCD and later adopted as the basic Charter of ECO, was modified to provide a proper legal basis to ECO's transition from RCD at the Ministerial Meeting held in Islamabad in June 1990. Following the amendment in the Treaty of Izmir ECO was fully launched in early 1991.



The break-up of the former Soviet Union led to the independence of Republics of Central Asia and Caucasus. In their bid to open up to the outside world and as a manifestation of their urge to revive their historic affinities with the peoples of Iran, Pakistan and Turkey, six of these Republics; namely Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan along with Afghanistan sought membership of ECO and were admitted into the organisation. The participation of these new Members in the activities of the Organisation commenced after their formal accession to the Treaty of Izmir at an Extraordinary Meeting of ECO Council of Ministers held in Islamabad on 28th May, 1992.

With its ten Member States, ECO gained a new dimension and new role. Accordingly, there was a consensus at all levels of ECO Meetings that in order to enhance the effectiveness of ECO, fundamental changes were required in the structure and functional methodology of the organisation. The fifth meeting of the Council of Ministers held in Ashgabat in January 1995 established a panel of eminent and competent persons to consider the issue of the reappraisal of the Treaty of Izmir and restructuring of ECO.

The Eminent Persons Group (EPG) after comprehensive deliberations finalised several recommendations and documents for submission to the ECO Council of Ministers. The Council of Ministers approved the Group's recommendations in the form of ten documents on ECO's new organisational set up and functional methodology in Ashgabat on 11th May 1996.

A Memorandum of Understanding (MOU) on reorganisation and restructuring of ECO was signed by the Foreign Ministers of ECO Countries at Ashgabat during the Summit Meeting on 14th May 1996. In pursuance of the above mentioned MOU, the Council of Ministers decided to hold an Extraordinary Session of the Council of Ministers in the city of Izmir for signing the revised Treaty of Izmir and Agreement on the Legal Status of the Economic Cooperation Organisation (ECO).

The Extraordinary Meeting of the ECO Council of Ministers was held in Izmir, Turkey on 14th September, 1996, to finalise ECO's basic documents including its fundamental Charter, the revised Treaty of Izmir. The Council of Ministers also approved the Implementation Plan on Reorganisation and Restructuring of ECO and witnessed the signing of the Treaty of Izmir and the Agreement on the Legal Status of ECO by the Ministers/Authorised Representatives of ECO Member States.

Objectives

ECO has formulated the following objectives:

- Sustainable economic development of Member States;
- Progressive removal of trade barriers and promotion of intra-regional trade; Greater role of ECO region in the growth of world trade;
- Gradual integration of the economies of the ECO Member States with the world economy;
- Development of transport & communications infrastructure linking the Member States with each other and with the outside world;
- Economic liberalisation and privatisation;
- Mobilisation and utilisation of ECO region's material resources;
- Effective utilisation of the agricultural and industrial potentials of ECO region;
- Regional cooperation for drug abuse control, ecological and environmental protection and strengthening of historical and cultural ties among the peoples of the ECO region; and
- Mutually beneficial cooperation with regional and international organisations.

Activities

Activities of ECO are conducted through Directorates under the supervision of Secretary General and his Deputies which considered and developed projects and programmes of mutual benefit in the fields of:

- **Trade and Investment**
- **Transport and Telecommunications**
- **Energy, Minerals and Environment**
- **Agriculture, Industry and Tourism**
- **Human Resources & Sustainable Development**
- **Project & Economic Research and Statistics, and**
- **International Relations**

For this purpose ECO is developing a Data Bank with general information about the socio-economic conditions of the ECO Member States, but also with information about trade and tariff policies, intra-regional transit arrangements, ongoing evolution of the private sector and macro-economic reforms.

Special efforts towards regional cooperation are concentrated on the following priority areas:

- **Trade**
- **Transport & Communications, and**
- **Energy**



Trade

In order to attain the overall objective of the Organisation to expand intra-regional and inter-regional trade, the following measures shall be taken:

- Progressive removal of trade barriers within the ECO region keeping in mind the experiences of other regions, global economic trends and international commitments undertaken by the Member States;
- Joint efforts to gain freer access to markets outside the ECO region for the raw materials and finished products of ECO Member States;
- Expansion of existing Preferential Tariffs Arrangement in terms of membership, applicability and scope, liberalisation of intra-regional trade through all possible ways and means including the simplification and harmonisation of national procedures in customs, transit of goods, attraction and protection of foreign investment, settlement of trade disputes, etc. taking into account international commitments of the Member States;
- Adoption of a common approach to the extent possible, in dealing with regional economic groupings and relevant international organisations, particularly the WTO;
- Creation of a mechanism for managing intra-regional trade relations consistent with WTO rules and disciplines and ultimately accession to WTO by all EC Member States;
- Promotion of cooperation among banks of ECO Member States and export credit guarantee schemes;
- Encouragement of Border Trade and Free Trade Zones;
- Gradual standardisation of goods and products of the region; and
- Evolution of a multilateral payment mechanism for the ECO region keeping in view the international commitment undertaken by ECO Member States;

Transport

Transport and Communications is on the top of the ECO's agenda. The Treaty of Izmir sets the goals of transport cooperation as to "accelerate development of transport and communications infrastructures linking the Member States with each other and with the outside world". To this end, the ECO pursues various activities to:

- Enable trucks to travel across the region in accordance with international standards.
- Expand and integrate national railway networks to facilitate transit by rail.
- Expand air connections and cooperation on civil aviation.
- Expand port facilities to handle the seaborne trade of the region.
- Facilitate transit through improving border crossing between the member states.

The ECO Transit Transport Framework Agreement is the basic document in this sector. The Transit Transport Coordination Council and its technical committees are set up to

coordinate implementation of the TTFA. Several rail infrastructure projects are being coordinated by ECO, notably the Kyrgyz Republic-Tajikistan-Afghanistan-Iran, Kazakhstan-Turkmenistan-Iran and Qazvin-Rasht-Astara projects. The Container Trains on Islamabad-Tehran-Istanbul and Istanbul-Almaty Routes are established. Regular run of the Bandar Abbas-Almaty Container Train is being launched.

Under the ECO/IDB Joint Project on TTFA, a comprehensive ECO Railway Network Development Plan is prepared along the approved ECO Rail Corridors. The road and maritime developments plans are in final stages of preparation.

Further to decisions of the 8th Transport Ministerial Meeting on in 2011, two ECO road transport corridors are being established, one between Islamabad-Tehran-Istanbul, and the other between Kyrgyzstan - Tajikistan - Afghanistan - Iran.

The ECO is pursues several mechanisms to support interconnectivity. The Online Money Order system (a common medium for financial postal services), the ECO White Card Scheme (for expanding motor vehicle third party liability insurance), and the Unified Visa for Drivers are examples of such practical initiatives.

The ECO's activities and projects in the field of transport and communications are strongly supported by the member states and the relevant international organizations. Annually about 15 conferences, meetings and workshops are organized by the ECO in this field, with high attendance of the member states.

Energy

The following measures shall be taken to promote regional cooperation in this vital sector:

- Preparation of an Energy master plan for the region specifying priority objectives and guidelines.
- Evaluation of present bilateral projects with a regional perspective.
- Transit facilitation measures for energy, oil and gas pipelines and other energy resources including access to international markets.
- Interconnection of power-grids of ECO Member States.
- Regional cooperation for national development and utilisation of energy resources with due regard to environmental concerns.
- Maximum utilisation of the existing resources and potentials of ECO Member States.



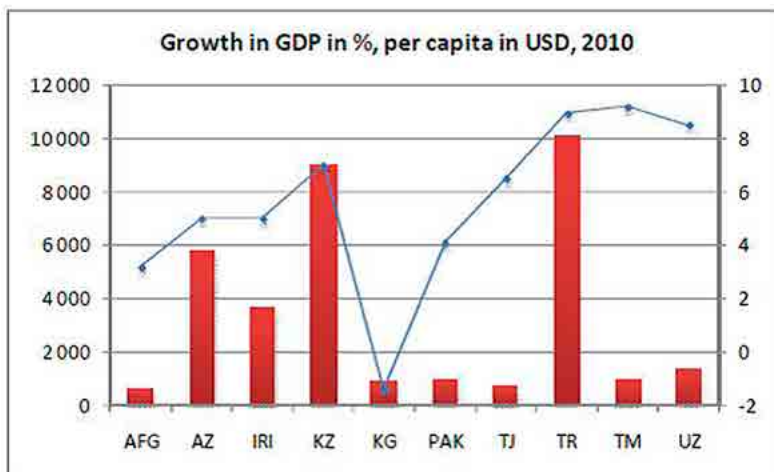
CHAPTER 3 A REGIONAL OVERVIEW OF TRADE AND ECONOMY IN THE ECO REGION

This Chapter presents the main features of the ECO in terms of population, economy and trade, largely based on the latest figures and analyses belonging to the year 2010. For the sake of space, the Chapter focuses on presenting a regional overview. Individual country figures on trade, to Annex 1.

During year 2010, development in the ECO region aimed sustainable economic growth. The combined regional GDP grew at 5.6 percent rate, which compared to its growth dynamics in the previous year, was breakthrough bearing in mind that post crises effects still persisted at global level. Economic performance of individual economies of the region varied. The post crises recovery coincided with innovative modernization in the manufacturing base of some member states.

The regional community has significantly benefited from these developments. The real per capita income in the region improved by 6.0 percent compared to 2009 reaching US\$ 3,767, on average.

Chart 1. Dynamics in regional growth, 2010

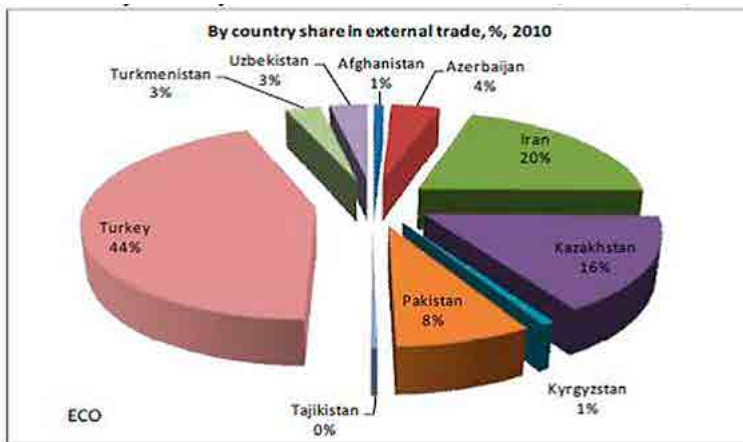


Sources: ECO NSOs



The overall regional external trade increased by 19 percent compared to in 2009. The combined trade turnover reached US\$ 684 billion in trade of goods and services. The share of individual countries in total trade has been diverse with Turkey, Iran and Kazakhstan at upper level, and lower income countries at lower level (pl. see chart below).

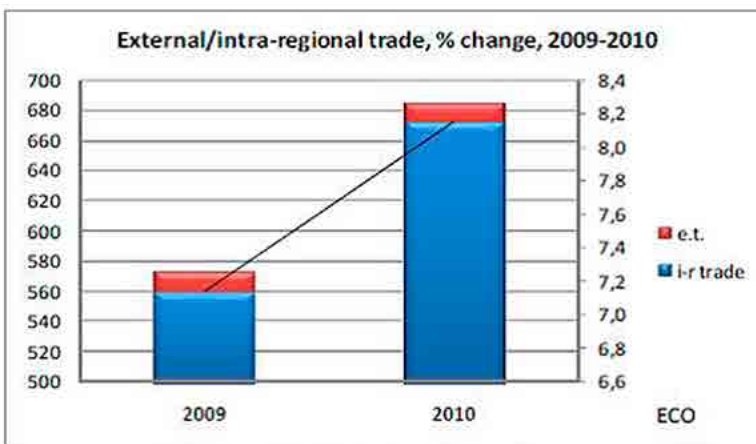
Chart 2. By country share in ECO external trade, % of total, 2010



Sources: ECO NSOs

The overall intra-regional trade in the ECO region in 2010 reached US\$ 44.5 billion which compared to the amount traded intra-regionally at US\$ 41.1 billion in 2009 indicated 8 percent increase. The rising demand for trade exchange with ECO partners came from Afghanistan and Tajikistan at 56.2 and 49.8 percent of total trade respectively.

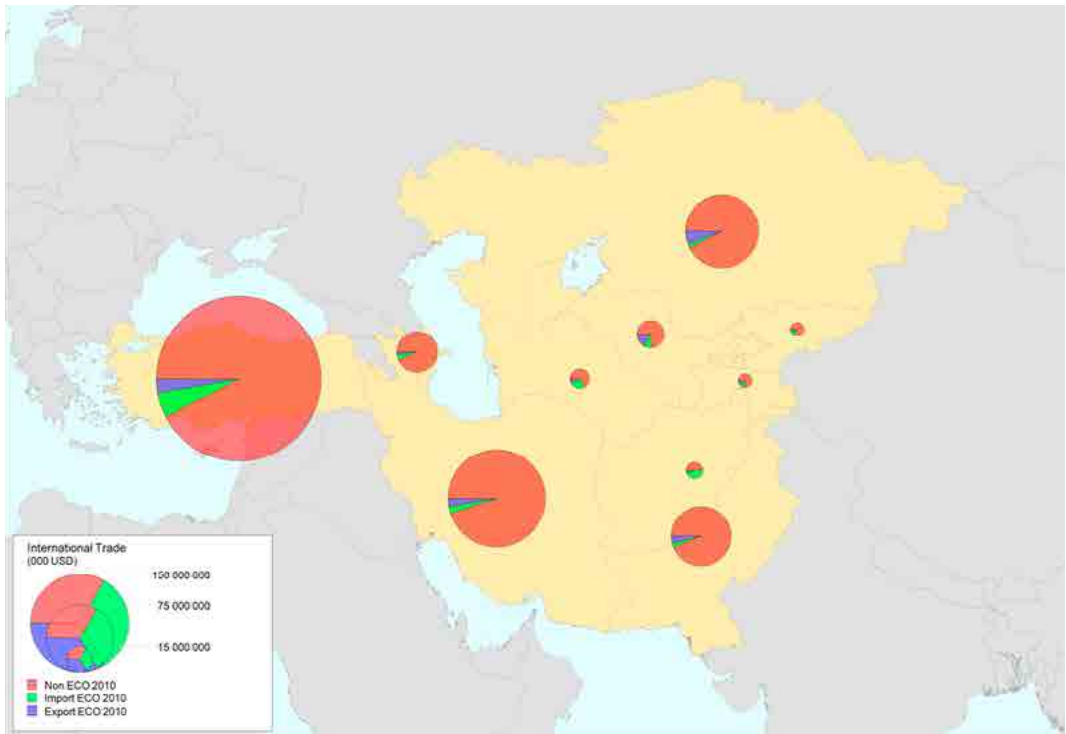
Chart 2.1 External/intra-regional trade in ECO, 2009-2010



Sources: ECO NSOs

Total Trade

Figure 3.21 International and Intra-ECO Trade ECO 2010 (value)

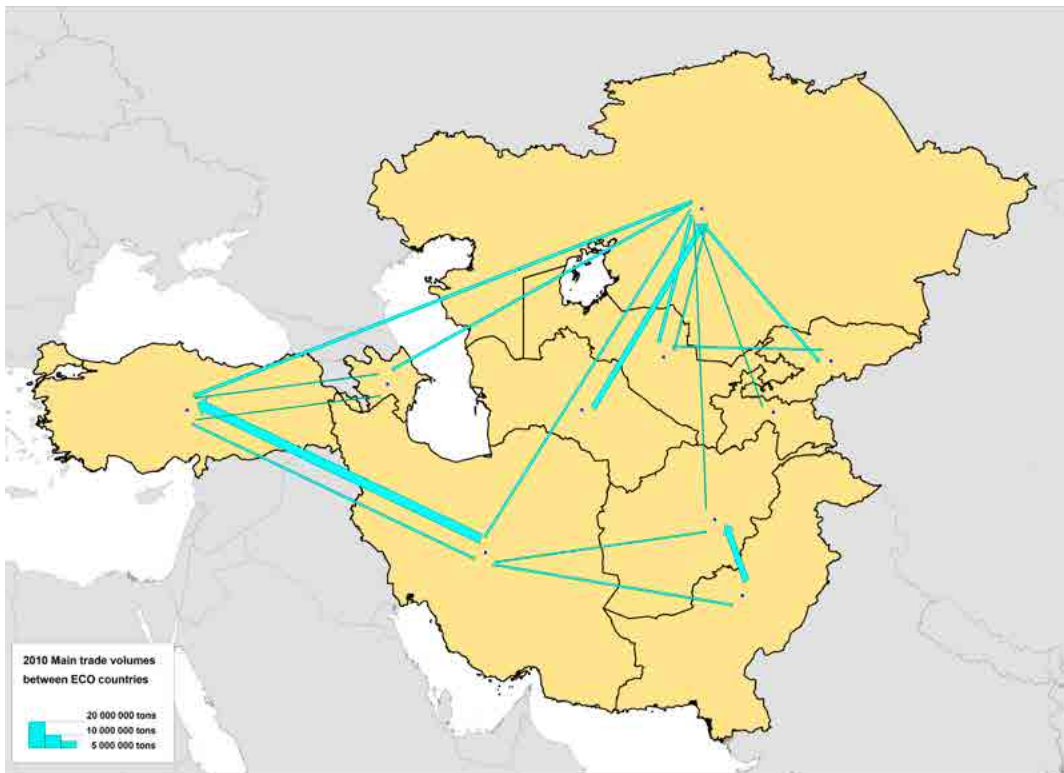


Source: Panteia, Business Unit NEA



Figure 3.22 presents the total intra-ECO trade volumes in 2010 and Figure 3.23 the forecast for 2030.

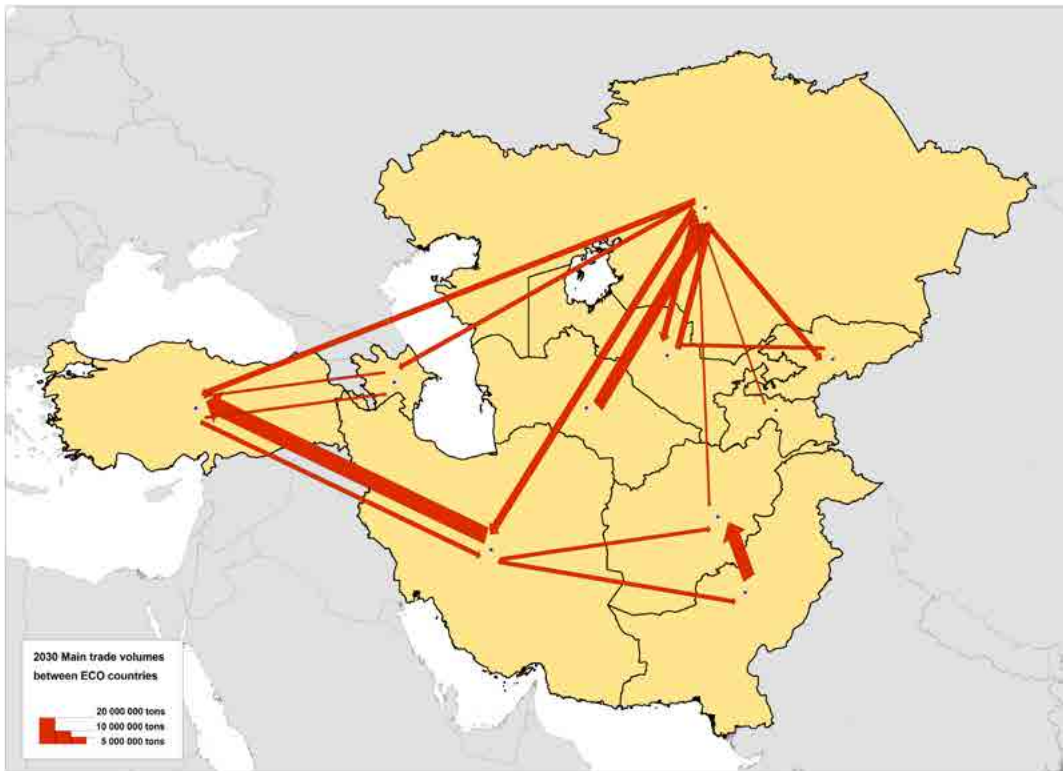
Figure 3.22 Intra-ECO Trade 2010 (volume)



- 0 Agricultural products and live animals
- 1 Foodstuffs and animal fodder
- 2 Solid mineral fuels
- 3 Petroleum products
- 4 Ores and metal waste
- 5 Metal products
- 6 Crude and manufactured minerals, building materials
- 7 Fertilizers
- 8 Chemicals
- 9 Machinery, transport equipment, manufactured articles and miscellaneous articles

Source: Panteia, Business Unit NEA

Figure 3.23 Intra-ECO Trade 2030 (volume)



Source: Panteia, Business Unit NEA



Outlook: during 2010, the share of the manufacturing sector in regional economy stood at 27.5 percent of the combined GDP. In the meantime, services reached the 53.6 percent mark in regional GDP, thereby reflecting a shift to high tech manufacturing processes which entailed higher demand for services. The latter showed considerable efficiency in capacity to meet the region's growing demand for quality based goods and services.

In the light of decisive focus on renovation and high tech industrial modernization in the economies, the medium term economic outlook for the region is set forth the accelerated growth. The forecast for growth in 2012-2015 is at an average estimated 7.5 percent growth. With the combined GDP of the region which reached the estimated US\$ 1,580 billion in 2010, the region's social community is prepared to benefit from integration of regional and inter-regional economic activities.

For this, initiation of large scale mega projects in the region is a step forward. The region avails of necessary business pre-requisites to further increase intra-regional trade to an estimated 10 percent throughout 2012-2015. The ECO Trade and Development Bank was capitalized in 2010, to support businesses operating in trade in the region to help boost intra-regional trade, which over the reported period has increased considerably and is expected to increase even further by 2015.

Effective facilitation to trade exchange will be provided by expected growth in transportation. As an indicative the region's rail network is about 51,182 km, and the road network 792,000 km. Connections between the ECO countries have marked remarkable progress in recent years, including the launch of ECO train on Islamabad–Tehran–Istanbul route, and the test run of ECO scheduled train on Bandar Abbas–Almaty route. A new railway route Turkmenistan- Kazakhstan-Iran is about to be completed. Two new road corridors are being established between Islamabad-Tehran-Istanbul and Kyrgyz Republic-Tajikistan-Afghanistan-Iran. Growth in transportation sector of the region is expected to trigger further increase in the share of the services in the combined regional GDP.

In energy sector, the regionally available potential was revealed through impressive production of 579,742 thousands tons of oil equivalent during year 2004 which, after having met the domestic demand, had 272,274 thousand tons in excess. There is the potential for matching intra-regional needs through trading arrangements on energy. In the years ahead, the region is heading toward regaining the 2004 production potential and moving forward, to multiply trade volumes in this area.

Tourism industry will serve as a catalyst in strengthening regional partnership in civil aviation, which is another potential contributor to increasing the share of services in the regional GDP. In the light of revival of regular direct flights between Kazakhstan and Iran and Turkmenistan, which were marked during year 2010, further integration in the services

sector of the region through tourism and business communications will effectively serve the needs of regional customers.

In the conclusion, it may be observed that the ECO region avails of an untapped potential suitable for much higher pace of economic growth in near future. Development of regional mega projects will be crucial for the region. This is realizable through closer economic integration and partnership. Eventually, such set up has all potential of leading the region to greater cost efficiency in operations and generate increasing employment for people regionally as well as inter-regionally.

If compared with some of world's regional organizations, performance of the ECO during is balanced and sustainable at inter-regional level. With membership of ten economies, the ECO has accounted to over 2 percent of world's trade volume in 2010.

Table 1. Some selected indicators on world's regional organizations in 2010

Regional Organizations	Real GDP (trillion)	Per capita, US\$	Population (million)	Membership
ASEAN	1,4	2,532	591	10
SAARC	2,1	2,779	1,6 trn	8
MERCOSUR	2,4	10,530	378	4 (10)
EU	16,3	32,537	502	15 (27)
ECO	1,5	3,659	418	10
CARICOM	64,7 bn	5,725	15	15

Source: World Development Indicators



CHAPTER 4

IRU-ECO SILK ROAD TRUCK CARAVAN 2010

As transport ministers of Eurasian countries increasingly recognised the need to facilitate road transport as the key to enhance economic and social development of their countries, the New Eurasian Land Transport Initiative (NELTI) was an essential next step in the IRU strategy of interconnecting businesses in Asia and Europe along the Eurasian landmass as well as increasing public and business awareness of the huge opportunities created by this land bridge.

The IRU-ECO Silk Road Truck Caravan 2010 can be considered as the start of the third phase of NELTI.

Figure 5.1 IRU-ECO Silk Road Truck Caravan 2010



Source: IRU

The IRU-ECO Silk Road Truck Caravan 2010 ‘Driving Progress from Islamabad to Istanbul’ was organised by ECO and IRU and aimed to further develop Euro-Asian road transport and strengthen trade and economic cooperation within the region and with the rest of the world with the ultimate objective to help landlocked economies on the Eurasian landmass to reap the full benefits of globalisation, hence driving progress and prosperity.



Figure5.2

Routes of the IRU-ECO Silk Road Truck Caravan 2010



Source: IRU

The participants in the IRU-ECO Silk Road Truck Caravan 2010 were national associations representing road transport operators, which are members of either or both the IRU and ECO. Each of them chartered a truck and mandated a driver to represent their respective countries.

The following associations participated:



Afghanistan Chamber of Commerce & Industries - ACCI (Afghanistan)



Azerbaijan International Road Carriers Association - ABADA (Azerbaijan)



Iran Chamber of Commerce, Industries and Mines - ICCIM (Iran)



Union of International Road Carriers of the Republic of Kazakhstan - KAZATO (Kazakhstan)



International Chamber of Commerce - ICC (Pakistan)



Tajik Association of Road Transport Operators - ABBAT (Tajikistan)



Union of Chambers and Commodity Exchanges of Turkey - TOBB (Turkey)



International Transporters Association - UND (Turkey)



Turkmen Association of International Road Carriers - THADA (Turkmenistan)

The IRU-ECO Silk Road Truck Caravan 2010 was therefore composed of eight trucks, dressed with special Caravan designs displaying the logo and flag of their association and country of origin respectively. A joint delegation from the ECO Secretariat and IRU also accompanied the Caravan throughout its journey. The Delegation's observations on various aspects of border crossing, transit issues, and infrastructure are documented and published.

The Caravan was supported by five partners, who work actively in the transport field or support ECO's activities in general:

- ECO Trade and Development Bank (Turkey)
- GTI (Turkey)
- Mammut (Iran)
- Iran Tracking (Iran)
- Ingosstrakh Insurance (Russia)



Figure 5.3 Tehran departure ceremony - 22 September 2010



Source: IRU

Figure 5.4 H.E. Mr. Mohammed Yahya Maroofi; Tehran departure ceremony - 22 September 2010



Source: IRU

Figure 5.5 Pakistan government greets ECO-IRU Silk Road Truck Caravan 2010 - Islamabad, 29 September 2010; ECO Deputy Secretary General, Altaf Asghar, Chairman of National Highways Authority, Altaf Ahmed Chaudry, Minister of State for Communications, Imtiaz Safdar



Source: IRU

Figure 5.6 Silk Road Truck Caravan 2010 reaches Turkmenistan -Ashkhabad 6 October 2010



Source: IRU



Figure 5.7 ECO-IRU Silk Road Truck Caravan 2010 in Tajikistan - Dushanbe, 9 October 2010
Truck driver handing over the Silk Road Truck Caravan Trophy to the Minister of Transport of Tajikistan, Mr Olimjon Boboev



Source: IRU

Figure 5.8 Secretary of Ministry of Transport of Azerbaijan greets the Silk Road Truck Caravan in Baku, October 17, 2010



Source: IRU

Figure 5.9 ECO-IRU Silk Road Truck Caravan 2010: mission accomplished
Ankara, October 22, 2010



Source: IRU

The ECO- IRU Silk Road Truck Caravan completed its 11 000 km journey from Pakistan to Turkey via a route crossing or double crossing Iran, Turkmenistan, Afghanistan, Tajikistan, and Azerbaijan on October 22, 2010, demonstrating that road transport can drive trade, hence economic growth and social progress throughout the ECO region, provided it is further promoted and facilitated. ECO Deputy Secretary General, Althaf Asghar, emphasised at the arrival of the caravan in Ankara,

“In today’s globalised economy, only with efficient road transport will ECO countries better connect their economies to each other and with major world markets. That is why ECO is striving to establish itself as the main regional driving force for road transport facilitation within the entire region to the benefit of all its citizens.”

The main objectives of this public-private partnership were to:

- promote road transport facilitation across the ECO region,
- promote and monitor the implementation of the ECO Transit Transport Framework Agreement;
- collect en route data, such as border waiting times, customs procedures and road charges, as well as visa requirements in the ECO region; and
- examine the infrastructure along the ECO road network.



The Caravan provided excellent opportunities to make observations, although on broad level, examine the challenges for implementation of the TTFA.

The Demonstration Caravan provided an occasion to stress the importance of road transport as a vital production tool, interconnecting all businesses to all major world markets thanks to its unique door-to-door transport services. It promoted the implementation of UN multilateral trade and road transport facilitation instruments

The results of the ECO-IRU Silk Road Truck Caravan showed that all the elements, including physical infrastructure and cross-border cooperation, exist among the ECO Member States to increase transit transport by manifold. At the same time, the caravan identified some of the main physical and non-physical obstacles notably at borders points, which impede the full realization of the transit potentials in the region, in particular taking into account the provisions of the TTFA. Some of these obstacles and short comings included:

- Wasting time for checking trucks.
- Unofficial payments.
- Problems in visa for drivers.
- Lack of standard trucks.
- Limited role given to chamber of commerce and national freight forwarder associations.
- Difference in fuel prices in the member states.
- Limited human resources in terms of number and training.
- Limited institutional capacity and cumbersome regulations and border crossing formalities.
- Underdeveloped border crossing points in terms of buildings and equipments.
- Lack of automation and application of good practices such as single window system.
- Inadequate facilities enroute for transit drivers, such as TIR parking, efficient administrative consular support, transit oriented truck repair and maintenance centers.
- Difference or divergence in rules and regulations governing transit transport.
- Difference in standards in relation to vehicles (both for tractor and trailer) and roads.
- Shortages of road signs and signals, as well as easily accessible travel information.
- Shortage of modern inspection equipment such as X-ray, narcotics and explosive detector dogs and video scopes.

The need to improve road infrastructure in certain areas has also been identified. Such improvements should be planned and implemented along the main international trade corridors according to the IRU's Model Highway concept. This includes both road and

ancillary infrastructure, such as modernisation of border crossing points; warehousing and logistics facilities at economically strategic locations; expansion of the network of refuelling stations; creation of a secure parking network with technical maintenance facilities and retail outlets for spare parts and convenience goods; and development of hotels and motels to accommodate drivers.

Figure 5.10 ECO-IRU Silk Road Truck Caravan 2010: mission accomplished
Ankara, October 22, 2010

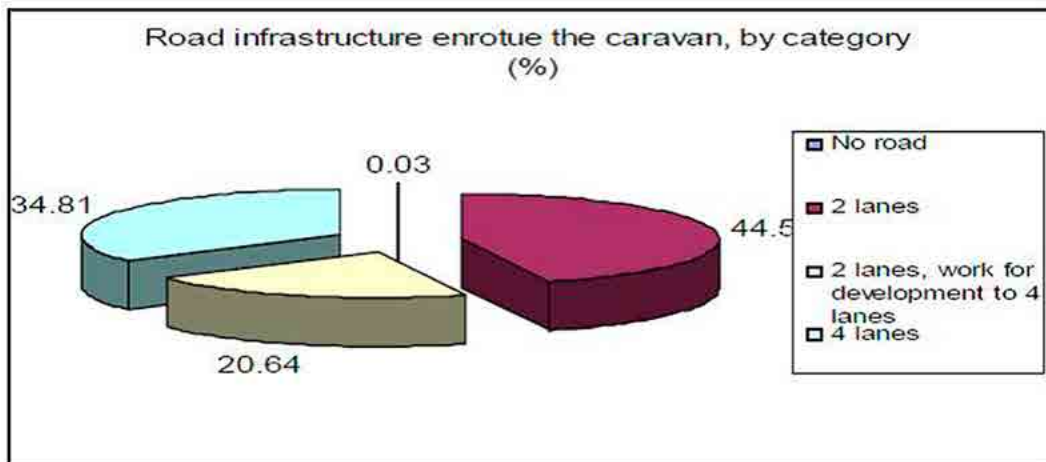
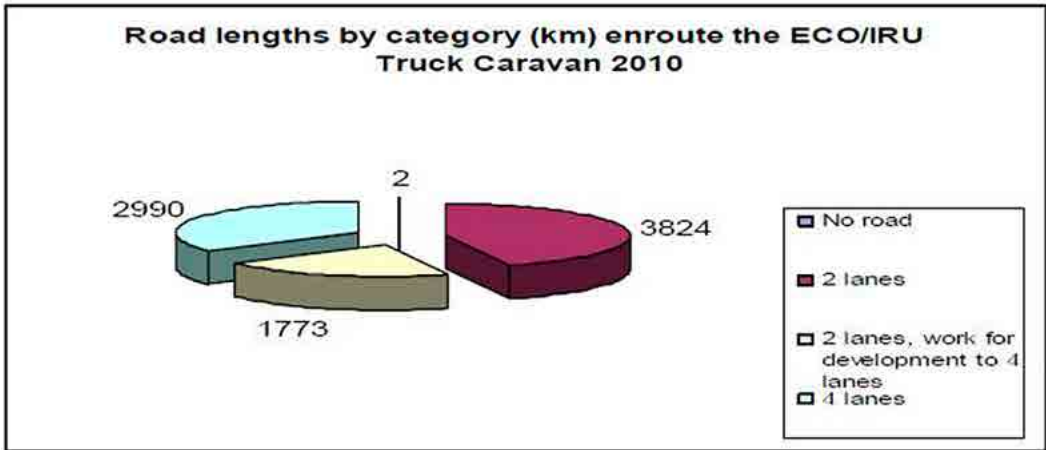


Source: IRU

Table below shows the breakdown of road infrastructure by each ECO country travelled by the Caravan

	Afghanistan	Azerbaijan	Iran	Pakistan	Tajikistan	Turkey	Turkmenistan	Total by structure	%
No road							2	2	0.03
2 lanes	613	331	1543	639		429	269	3824	44.52
2 lanes, work for development to 4 lanes			486		156	30	1101	1773	20.64
4 lanes		124	1237		13	1459	157	2990	34.81
Total by country	613	455	3266	639	171	1918	1529	8589	100

The following presents the length and percentage of road types by category en route the ECO/IRU Truck Caravan 2010







CHAPTER 5

ECO RMT/NELTI-3: RESULTS FROM SURVEY

The main objective of the ECO RMT/NELTI-3 project was the promotion and facilitation of international road transport and trade in the ECO Member States through monitoring physical and non-physical barriers for transit transport.

The project consisted of collecting and analysing data about actual road transport conditions faced by professional truck drivers during commercial cargo deliveries. Special questionnaires were developed in line with the World Bank directives and in conformity with the UNESCAP Time/Cost-Distance methodology for data analysis.

The project started in March 2011 when the ECO/IRU Protocol on Joint Action Plan was signed in Tehran. In May 2011 the Project Focal Points were appointed in all ECO States and one month later eight Memorandums of Understanding were signed by the IRU Member Associations of eight countries (except the ones from Pakistan and Uzbekistan at that time). More than 20 road transport companies were identified. On June 29, 2011 the official Launching Ceremony of the ECO-NELTI-3 project took place during the 8th ECO Ministerial Meeting in Ashgabat, Turkmenistan.

The data collection started in July 2011 through forms to be filled by professional truck drivers.



Figure 6.1 NELTI Routes



Source: ECO RMT/NELTI-3

Cost/Time-Distance Methodology UNESCAP

Analysis of the speed and time expenditures on NELTI routes was fulfilled using UNESCAP Time/Cost-Distance methodology. The methodology was applied to each driver's journal received. The "UNESCAP Time/Cost-Distance methodology" is the graphical representation of cost and time data associated with transit transport processes. The purpose of the model is to identify inefficiencies and isolate bottlenecks along a particular transit route by looking at the cost and time characteristics of every section along a transit route.

Geography and shipment routes

In total 139 drivers journals were collected during ECO RMT/NELTI-3. 112 trips have their origin and destination as well as the main routing within ECO countries and correspond to the NELTI Southern route. 27 journals have either origin or destination in the ECO countries, with the route going further through Russia, Ukraine and Belarus. These journals reflect the situation on the Northern NELTI route. It may be stipulated, however, that this Northern route should not be regarded as an ECO corridor as it passes non-ECO member states.

Table 6.1 presents the main information of the 139 ECO RMT/NELTI-3 trips:

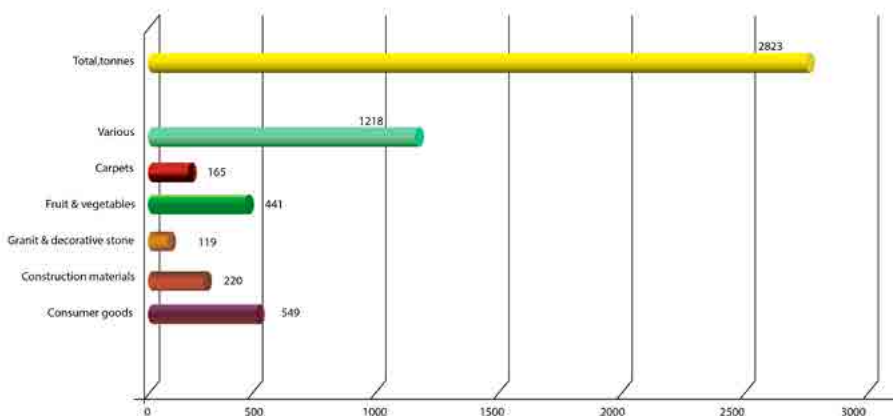
Table 6.1 Summary of the ECO RMT/NELTI-3 trips

	Total	Southern route	Northern route
Number of Trips	139	112	27
Time spent en route	1276 days	1007 days	269 days
Distance covered	449 354 km	341 135 km	108 219 km
Cargo carried	2 823 tonnes	2 315 tonnes	508 tonnes
Average distance per day	352 km	339 km	402 km
Average speed en route	14.6 km/hour	14.1 km/hour	16.8 km/hour
Waiting time in queue	214 days	182 days	32 days
Average waiting times in queue/trip	1.54 days/trip	1.63 days/trip	1.18 days/trip
Amount of total costs en route	443 519 USD	370 838 USD	72 681 USD
Average cost/trip	3191 USD/trip	3311 USD/trip	2692 USD/trip
Average cost/km	0.99 USD/km	1.09 USD/km	0.67 USD/km
Sum of unjustified levies paid	99 808 USD	83 456 USD	16 352 USD
Average of unjustified levies paid/trip	718 USD/trip	745 USD/trip	606 USD/trip
Average of unjustified levies paid/km	0.22 USD/km	0.24 USD/km	0.15 USD/km

A variety of goods were transported on these 139 trips:

Table 6.2 Type of goods transported in ECO RMT/NELTI-3

Commodity	Tonne
Various incl. general cargo	1 218
Carpets	165
Fruit & vegetables	230
Beans	237
Granite & decorative stone	204
Construction materials	220
Consumer goods	549
Total	2 823



Source: IRU



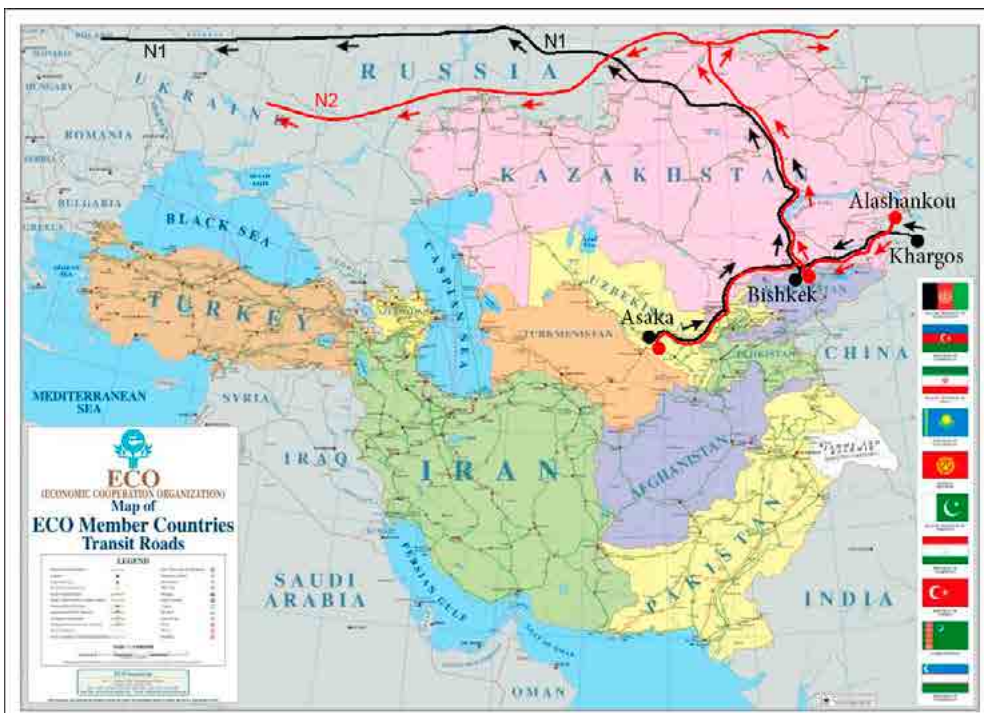
Northern Route

27 journals have provided information on the NELTI Northern route, which starts in China or any other Central Asian country and going further through Kazakhstan to Russia, Ukraine and Belarus. The majority of the journals were collected for the two main routes, referred in this report as N1 and N2.

Route N1 runs from China, Kyrgyzstan, Uzbekistan or Tajikistan through Karaganda, Astana, Kostanai, Bugristoe/Kayrak border crossing between Kazakhstan and Russia further to Moscow or another destination in Russia or in Eastern Europe. In total 16 journals were collected for this route.

Route N2 runs from China, Kyrgyzstan, Uzbekistan or Tajikistan to Astana in Kazakhstan and further is using one of the available border crossings on the North of Kazakhstan (Petuhovo/Jani Jol, Kosak/Karasuk, Cherkak /Omsk). The final destination of the N2 route varies from Novosibirsk in Russia to Ukraine in Kiev. 8 journals were collected for this route.

Figure 6.2 Northern Corridor N1 and N2



Monitoring results have shown that depending on origin and destination, a one way trip on the Northern route N1 requires between 6.5 and 17 days and for the route of route N2 from 4 to 15 days. The table below illustrates, for selected trips, the real time that drivers spent on these routes. It also presents some driving characteristics.

Table 6.3 Characteristics of the Northern routes

Itinerary	Distance (km)	Border crossing	Days on route (days)	Average driving speed (km/h)	Average speed including stops (km/h)
N1 route					
Khargos (PRC) – Moscow (RUS)	4590	2	10	50.42	24.62
Asaka (UZB) – Moscow (RUS)	5015	3	17	39.03	18.18
Bishkek (KGZ) – Warsaw (POL)	5100	4	12	22.80	15.29
N2 route					
Bishkek (KGZ) – Novosibirsk (RUS)	2169	2	6	25.77	14.66
Alashankou (PRC) – Kiev (UKR)	4664	3	12	46.55	20.75
Bishkek (KGZ) – Krivoy Rog (UKR)	4830	3	12	25.31	15.96

Table 6.3 illustrates that there is a variety of time spent en route when covering the same distance, in particular on route N1. The average driving speed between sections and average speed including time spent on stops differs considerably within each single trip and varies a lot between trips. Large difference between two speed levels means that a big proportion of time spent on route is not productive (e.g. sleeping, eating, waiting on borders). Going through border controls and waiting on borders constitute a big part of this time expenditure. Several factors are influencing the trip time with the most important being driving speeds, border crossing situation and driving regime.



Driving speed

The average driving speed for the countries of the Northern route is presented in Table 6.4. Firstly, the average speed per country involved in a trip was calculated for each single trip. Secondly, the average speed of all the trips per country was calculated for the 139 journals received within ECORMT-NELTI III.

Table 6.4 Characteristics of the Northern route

Country	RUS	BEL	KAZ	UZB	KGZ
Average speed (km/h)	43.5	35.6	42	42	39
Counts*	24	5	58	68	29

*Counts indicate how many times the trip was made in a particular country and illustrate on the basis of how many counts the average was calculate. Counts are based on a total number of journals for Southern and Northern routes.

Border crossing situation

The ECO RMT/NELTI-3 survey provides detailed information on border crossings in the region. Drivers were requested to report the waiting time in the queue, the duration of Customs procedures, border control and related procedures (health, veterinary control, vehicle registration, immigration procedures, etc.) as well as official and unofficial costs paid each time.

Table 6.5 Border crossings of the NELTI Northern route

Border	Waiting time
Russia – Kazakhstan	From 30 min to 49 hours
PRC – Kazakhstan	From 3 hours to 175 hours
Kyrgyzstan – Kazakhstan	From 1 hour 20 min to 22 hours
Uzbekistan – Kazakhstan	From 3 hours to 77 hours

Drivers' journals provided insights in the situation on border crossings used by the drivers of the Northern route. The Russian Federation, Republic of Kazakhstan and the Republic of Belarus concluded the Customs Union as from 2010 and from July 2011 the customs control was cancelled between the borders of these respective countries. One of the expected benefits of the Customs Union is the decrease of transport costs and transit times. The results of the Union's provisions implementation are confirmed by the records made in drivers' journals. In the majority of cases the time drivers spent at these borders in total does not exceed one hour. Table 6.5 summarizes the main border crossing points along the Northern routes.

The following describes the situation on the main border crossings of the Northern route:

Kazakhstan – Russia border

Bugristoe – Kayrak is the main border crossing between Kazakhstan and Russia for the N1 route. Drivers' journals have shown that total waiting time on this border can vary from 30 min to 49 hours in the case of one driver

Table 6.6 Border crossing: Bugristoe (Russia) – Kayrak (Kazakhstan)

	Bugristoe (RUS)	Kayrak (KAZ)
Health, phytosanitary, weight and dimension, veterinary controls	0	0
Customs control	From 20 to 30 min	From 1h to 48h
Border control	From 15 to 25 min	From 15 to 30 min
Waiting time in the queue	From 15 to 20 min	From 20 to 40 min
Total	From 15min to 1.5h	From 15 min to 48h

On the N2 route the average waiting time on the cross border points is 1.5 hours. Petuhovo (Russia) – Jana Jol (Kazakhstan) is one of the most often used border crossings.

**Table 6.7 Border crossing: Petuhovo (Russia) – JanaJol (Kazakhstan)**

	Petuhovo (RUS)	JanaJol (KAZ)
Health, phytosanitary, weight and dimension, veterinary controls	0	0
Customs control	0	0
Border control	From 15 to 20 min	From 20 to 30 min
Waiting time in the queue	From 20 to 40 min	From 40 min to 1 h
Total	From 35 min to 1h 15 min	From 1 h 10 min to 1 h 40 min

Uzbekistan – Kazakhstan border

Both for N1 and N2 route Yallama – B.Konsybayeva border crossing is the most important one. The total time drivers spent on this border varied from 3h to 77h. The waiting time in queue is especially high on this border. Visa procedures on Kazakhstan and Uzbekistan part of the border take from 15min to 1h.

Table 6.8 Border crossing: Yallama (Uzbekistan) – B.Konsybayeva (Kazakhstan)

	Yallama (UZB)	B.Konsybayeva (KAZ)
Health, phytosanitary, weight and dimension, veterinary controls	From 30 min to 1 h	From 30 min to 1 h 10 min
Customs control	From 15 min to 24 h	From 25 min to 3 h
Border control	From 10 min to 2 h	From 15 min to 40 min
Waiting time in the queue	From 2 h to 72 h	From 1 h to 7 h
Total	From 2 h 15 min to 74 h	From 1 h 30 min to 13 h

Kyrgyzstan – Kazakhstan

Akjol – Korday border crossing is the one mostly used by the drivers for both N1 and N2 routes. On both sides of this border crossing the drivers were checked by police, which took 15 min per check.

Table 6.9 Border crossing: Akjol (Kyrgyzstan) – Korday (Kazakhstan)

	Akjol (KYR)	Korday (KAZ)
Health, phytosanitary, weight and dimension, veterinary controls	0	From 15 min to 45 min
Customs control	From 20 to 40 min	From 25 to 50 min
Border control	From 15 to 20 min	From 15 to 20 min
Waiting time in the queue	From 1 h to 4 h	15 min
Total	From 2 h 30 min to 6 h	From 3 h 30 min to 8 h

China – Kazakhstan

Alashankou – Dostyk is the border crossing, which is used most by the drivers of the Northern route. The waiting time in queue on the Chinese side is the main bottleneck of this border crossing.

Table 6.10 Border crossing: Alashankou (PRC) – Dostyk (Kazakhstan)

	Alashankou (PRC)	Dostyk (KAZ)
Health, phytosanitary, weight and dimension, veterinary controls	From 3 to 45 min	From 15 to 45 min
Customs control	From 30 min to 24 h	From 3 to 6 h
Border control	From 15 to 20 min	From 15 to 25 min
Waiting time in the queue	From 3 h 30 min to 168 h	7 h
Total	From 2 to 169 h	From 15 min to 11 h



Driving regime

From 27 trips carried out on the Northern route, 26 were performed under TIR carnet. The countries, which make part of the Northern route survey, are China, Kazakhstan, Russia, Kyrgyzstan, Uzbekistan, Ukraine and Belarus. The number of TIR carnets issued in these countries during 10 years considerably increased, except for Belarus. In Russia the amount of TIR carnets issued in 2011 was 2.7 times of the 2001 amount.

Table 6.11 TIR carnet in the countries of Northern route

Country	2001	2011
Russia	192 800	521 500
Ukraine	200 000	309 500
Kazakhstan	9 100	24 500
Kyrgyzstan	550	20 700
Uzbekistan	600	14 100
Belarus	232 000	158 100

Expenditures

The total expenditures of drivers on the Northern route varies from 1 800 USD to 6 400 USD on N2 route and to 7 600 USD on N1 route. The major costs that drivers have on N1 and N2 routes are presented in Table 6.12. The table illustrates the maximum and minimum costs per trip observed in the drivers' journals as well as medium counts for 16 journals of N1 route and 8 journals of N2 route.

Table 6.12 Main costs on the Northern route (in USD)

Corridor	N1			N2		
	Max	Median	Min	Min	Median	Min
Fuel cost	2150	1675	636	2650	1147	630
Cost of transit	0	0	0	170	0	0
Insurance	400	150	0	370	250	21
Border crossing costs	2140	313	0	849	271	7
Meals and overnight stay	3763	127	38	528	165	10
TOTAL costs	7677	2432	1702	4623	2250	1609

The fuel costs are the highest cost items in the total expenditures of all the trips. They constitute in average 53% of the total trip cost. Second important expense item is the border crossing costs which in some cases amount up to 28% of the total cost. Customs clearance, border control and weight and dimension control payments together represent up to 70% of the border crossing costs both for N1 and N2 route.

In total up to 20% of the costs that drivers encounter on the N1 route were paid unofficially. On the N2 route amount of unofficial costs reach in average 28% from the total trip costs. The journals have reported that health, phyto-sanitary, veterinary controls, border control, customs clearance, weight and dimension and police controls are almost in 100% of cases paid unofficially. Fuel costs, insurance costs, meals and overnight stay costs are paid officially.

UN time/cost-distance methodology was applied for each of the drivers' journals received. As an example, a trip from Alashankou (China) to Nabereznie Chelni (Russia) is presented below for the route N1 and a trip from Bishkek (Kyrgyzstan) to Novossibirisk (Russia) for the route N2.

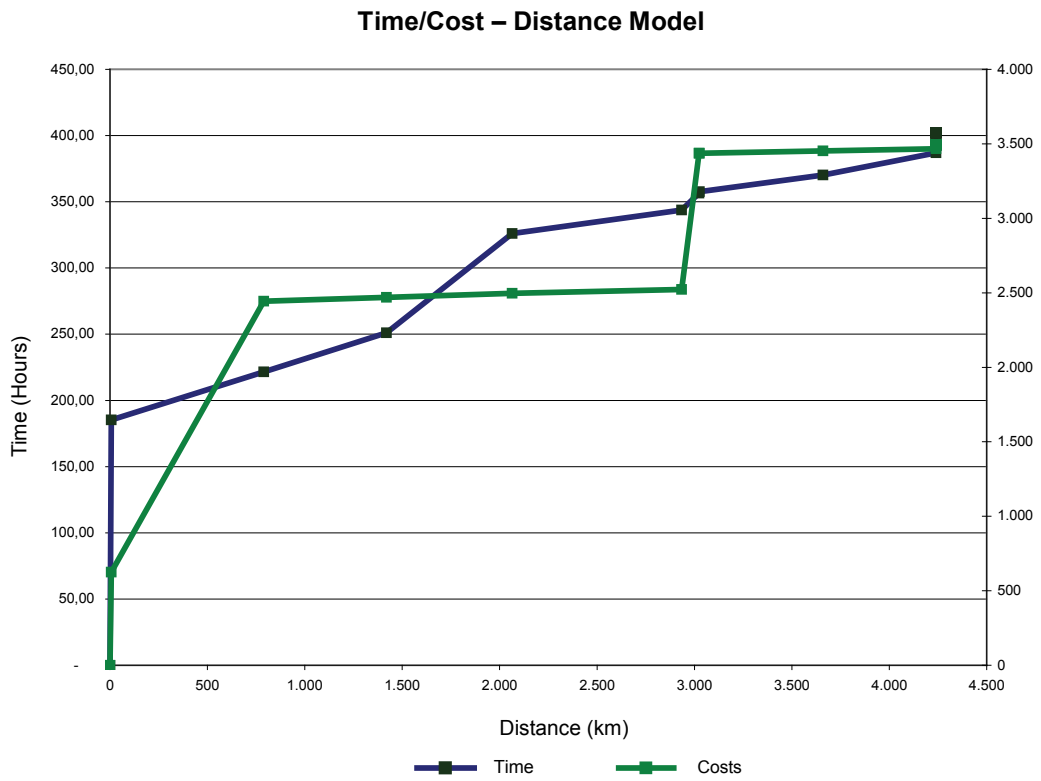
Northern Route, route N1 of the ECO RMT/NELTI-3 project
Alashankou (China) – Nabereznie Chelni (Russia)
10.02.2012-26.02.2012
One way trip

General information		
Origin	Alashankou, China	10.02.2012
Destination	Nabereznie Chelni, Russia	26.02.2012
Cargo	Engines	
Travelled distance (km)	4240	
Time		
Travel time (days)	16	
Average speed (km/day)	265	
Costs		
Total costs (USD)	3492	
Unofficial costs (USD)	1029	
Non-physical barriers		Hours
Border waiting times	China - Kazakhstan	192
	Kazakhstan - Russia	5

Time/cost distance model

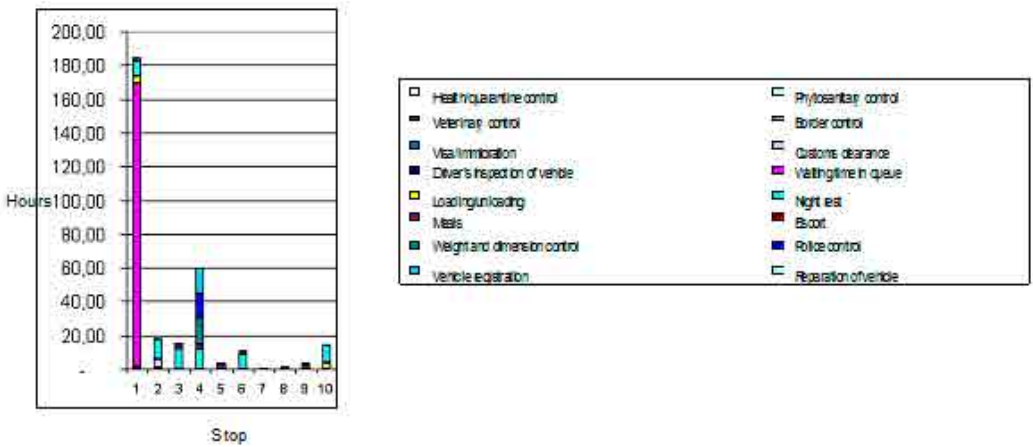


Graph 6.1 Time/Cost – Distance Model for N1 route



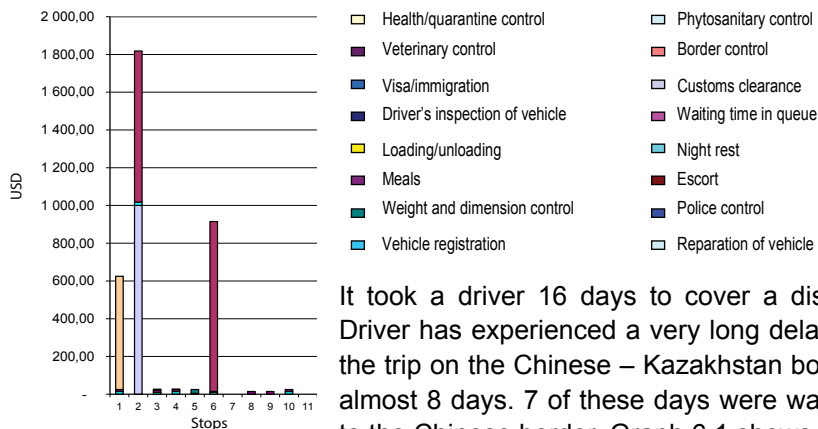
Comparison of time spent at each stop

Graph 6.2 Time comparison at stops



Comparison of costs spent at each stop

Graph 6.3 Cost comparison at stops



It took a driver 16 days to cover a distance of 4 240 km. Driver has experienced a very long delay at the beginning of the trip on the Chinese – Kazakhstan border, where he spent almost 8 days. 7 of these days were waiting time in a queue to the Chinese border. Graph 6.1 shows the application of the

UNESCAP methodology to the distance component. It shows that the driving speed was relatively the same during the whole trip. Graph 6.2 illustrates the main time expenditures during the stops that driver had. Total driver’s cost of the trip amounted 3 492 USD. Fuel cost represents 49% of this amount, followed by border crossing costs – 29%. In total 29% of the whole trip costs were paid unofficially.

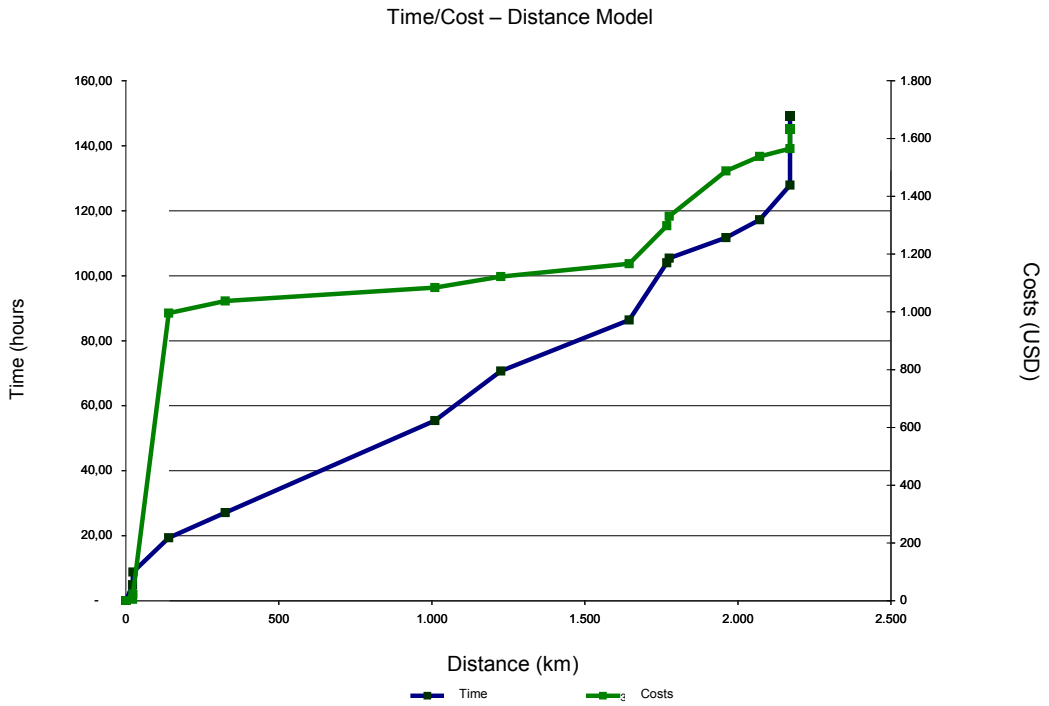
Northern Route, N2 of the ECO RMT/NELTI-3 project
Bishkek (Kyrgyzstan) – Novosibirsk (Russia)
15.03.2012-23.03.2012
One way trip

General information		
Origin	Bishkek, Kyrgyzstan	15.03.2012
Destination	Novossibirsk, Russia	23.03.2012
Cargo	Socks	
Travelled distance (km)	2170	
Time		
Travel time (days)	6	
Average speed (km/day)	361	
Costs		
Total costs (USD)	1643	
Unofficial costs (USD)	358	
Non-physical barriers		Hours
Border waiting times	Kyrgyzstan - Kazakhstan	10
	Kazakhstan - Russia	1,50



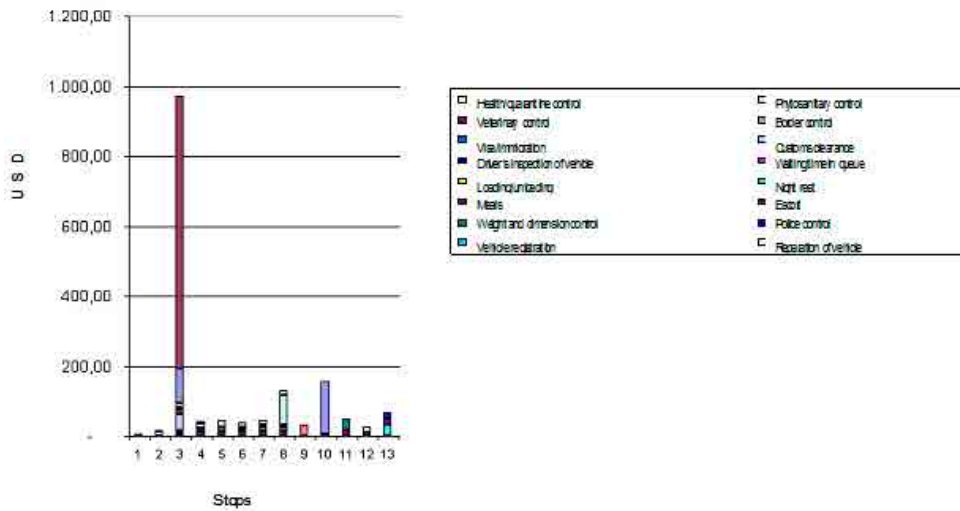
Time/cost distance model

Graph 6.4 Cost comparison at stops



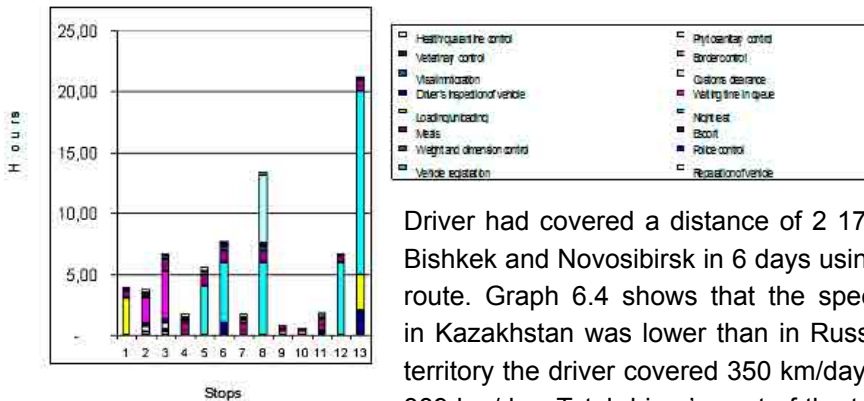
Comparison of time spent at each stop

Graph 6.5 Time comparison at stops



Comparison of costs spent at each stop

Graph 6.6 Cost comparison at stops



Driver had covered a distance of 2 170 km between Bishkek and Novosibirsk in 6 days using the N2 route route. Graph 6.4 shows that the speed of operator in Kazakhstan was lower than in Russia: on Kazakh territory the driver covered 350 km/day and in Russia 389 km/day. Total driver's cost of the trip amounted 1 643 USD. Fuel cost represents 47% of the total cost, followed by border crossing costs being 16%. 22% of expenses were unofficial payments.

Southern Route

112 journals have provided information on road transport in the ECO region using NELTI Southern route. The main routes used by drivers are presented in Figure 6.3.

Figure 6.3 Southern route of the ECO RMT/NELTI-3 survey





The main Southern routes reflect the routes most frequently used by NELTI drivers in ECO region. These routes can overlap and are, therefore, not suitable for the comparison between each other. Within one route multiple combinations of origins and destination were observed.

From 112 journals, 26 journals are describing S1 route. S1 route is a route connecting the south of Iran (Bandar Abbas) with Iran, Turkmenistan, Uzbekistan and Kyrgyzstan. On the Iranian–Turkmen border the route is using several border crossings, depending on the destination (e.g. Bajirgan/Gaudan and Sarakhs/Serakhs border crossings). Two sub-routes can be distinguished: S1a going from Bandar Abbas to Ashgabat and S1b going from Bandar Abbas to Tashkent, Samarkand or Dushanbe.

S2 route is a combination of different origins-destinations which, on the significant part use the same main route. In total 64 journals provided information about it. Two sub routes can be distinguished. S2a route is connecting Istanbul with Almaty. This route is also connecting Istanbul with destinations such as Bishkek, Ashgabat and Tashkent. S2b route connects Bishkek with Mashad in Iran, Izmir and Mersin in Turkey and Teheran in Iran.

S3 route is connecting Khargos in China with Mazari Sharif in Afghanistan, Tashkent in Uzbekistan and Bishkek in Kyrgyzstan. In total 4 journals are describing it.

8 journals have been describing the situation on the route from Tajikistan, Kyrgyzstan and Uzbekistan to Astana in Kazakhstan. These trips are made within ECO region, but they overlap with the Northern routes and are therefore described in that part of the survey. Another 8 journals are describing random trips within the ECO region which can not be classified into one of the selected routes. These records as well as the records from the S3 route are used for the assessment of the border crossing situation.

Table 6.13 Characteristics of the Southern route corridors

Itinerary	Distance (km)	Border crossing	Days on route (days)	Average driving speed (km/h)	Average speed including stops (km/h)
S1a corridor					
Bandar-Abbas (IRN) – Ashgabat (TKM)	2400	1	7.64	44	20.5
S1b corridor					
Bandar-Abbas (IRN) – Tashkent (UZB)	2852	2	7.04	28.8	16.5
S2a corridor					
Istanbul (TUR) – Almaty (KAZ)	5675	4	15.5	38.5	15.6
Istanbul (TUR) – Bishkek (KYR)	4941	5	11	18.6	11.3
Istanbul (TUR) – Ashgabat (TKM)	3466	3	7.6	50.2	17.8
S2b corridor					
Bishkek (KYR) – Izmir (TUR)	5210	5	18.5	20.6	7.7
Bishkek (KYR) – Mashhad (IRN)	2083	4	6	27	13.8
Bishkek (KYR) – Mersin (TUR)	4831	5	13	21	10

Table 6.13 shows that the driving speeds on the Southern route are lower than the ones observed on the Northern route. The analysis of the journals shows that this is especially the case for all the trips including the section from the Iranian – Turkmenistan border further to Uzbekistan, Tajikistan, Kyrgyzstan, Kazakhstan and China. The factors such as driving speed, border crossing situation and driving regime are described below.



Driving speed

Table 6.14 presents the average speeds in all the countries of the Southern route calculated on the basis of the driver's journals received within ECO RMT/NELTI-3. Additionally, the average speed per ECO RMT/NELTI-3 trip in the ECO region was calculated, being 43 km/h per trip.

Table 6.14 Average driving speeds on Southern route

Country	KAZ	UZB	IRN	TKM	TAJ	AFG	KGZ	AZB	TUR
Average speed (km/h)	42	42	41	41	35	50	39	52	41
Counts	58	68	61	65	8	2	29	3	29

**Counts indicate how many times the trip was made in a particular country and, therefore, on the basis of how many counts the average was calculated*

In each country the average speed differs considerably depending on the part of the country where the trip takes places. It was observed that in the west of Kazakhstan the average speed for road transport is considerably less than in the north or south of the country. In Iran, section Kerman – Sarakhs (1 074 km) is a bottleneck, where all the drivers report the average driving speed of 17 km/h.

Table 6.13 also illustrates that there is sometimes a really big difference between the driving speed and average Speed, including time spent on stops. For all the examples provided in Table 6.13, the latter is almost twice times lower. This indicates that drivers spend much time on stops, especially considering the fact that in majority of the cases it is not a time reserved for the necessary rest and meals (Box 1), but time spent on the border crossings.

Box 1 Safety and security

Six of the ten ECO countries, namely Azerbaijan, Kazakhstan, Tajikistan, Turkey, Turkmenistan, and Uzbekistan, have adopted AETR 1970 agreement. The main aim of this Agreement is the application of the rules for driving times and rest periods for professional drivers. Article 8 of the Agreement states that “In each period of twenty-four hours, the driver shall have a daily rest period of at least eleven consecutive hours, which may be reduced to a minimum of nine consecutive hours not more than three times in any one week, on condition that an equivalent period of rest be granted as compensation before the end of the following week.

Nevertheless, drivers' journals show that these provisions are not respected in many cases. From the total of 139 received journals, information about overnight rest was available in 118 journals, all including ECO region as a main routing or origin-destination countries. From these 118 records, only in 27 cases drivers fully respected the convention and had a regular rest of more than 9 hours. In 12 cases during the whole duration of the trip the drivers had the rest time of less than 4 hours per night. In 6 journals, the sleeping time of 1 hour per night sometimes was reported.

Table 6.15 Resting times on Southern route

Total journals	118
Rest time >9h	27
Rest time >5h, <9h	36
Rest time <4	12
Rest time combination <9 and less than 4	43

The two main reasons for this are: lack of safe and secure parking and rest places and the necessity to compensate driving time delay caused by the time lost on border-crossings.

Border crossing situation

Waiting time on border crossings and driving restrictions in some areas are the major reasons of the low driving speed including stopover time. Following the monitoring results, waiting times at borders within the Southern route vary and are specified in the table below.

Table 6.16 Main border crossings for Southern corridor

Border	Waiting time
Turkey – Iran	From 4 to 79 h
Iran-Turkmenistan	From 5 h 30 min to 148 h
Turkmenistan - Uzbekistan	From 4 h to 115 h
Uzbekistan – Kazakhstan	From 3 h to 77 h
Kazakhstan - Kyrgyzstan	From 1 h 20 min to 22 h



Uzbekistan – Kyrgyzstan is an important border crossing for the region, but only few records were collected for it as well as for the Uzbekistan – Tajikistan border and Uzbekistan – Afghanistan border.

The most important border crossings for each of the corridor are described below.

Turkey – Iran

Gurbulak – Bazargan is the most used border crossing for the S2 route. The total time to cross this border varies from 4h to 79h.

Table 6.17 Border crossing: Turkey (Gurbulak) – Iran (Bazargan)

	Gurbulak (TUR)	Bazargan (IRN)
Health, phytosanitary, weight and dimension, veterinary controls	From 1 h to 1h 30 min	From 35 min to 2 h 20 min
Customs control	From 20 min to 1 h	From 20 min to 3 h
Border control	From 30 min 5 h	From 20 min to 12 h
Waiting time in the queue	1 h	From 1 h to 40 h
Total	From 50 min to 53 h	From 1 h to 41 h

Iran-Turkmenistan

Both for S1 and S2 corridors Sarakhs – Serakhs border crossing is important. Drivers spent from 6h to 39h on this border.

Table 6.18 Border crossing: Iran (Sarakhs) – Turkmenistan (Serakhs)

	Sarakhs (IRN)	Serakhs (TKM)
Health, phytosanitary, weight and dimension, veterinary controls	From 15 to 55 min	From 15 min to 45 min
Customs control	From 15 min to 3 h	From 20 min to 4 h
Border control	From 20 min to 5 h	From 15 min to 6 h
Waiting time in the queue	From 1 h to 39 h	From 1 h to 6 h
Total	From 15 min to 40 h	From 1 h to 13 h

Visa and immigration procedures on this border take in average 1h, on both sides.

Bajirgan – Gaudan is a border crossing important especially for the S1 corridor.

Table 6.19 Border crossing: Iran (Bajirgan) – Turkmenistan (Gaudan)

	Bajirgan(IRN)	Gaudan (TKM)
Health, phytosanitary, weight and dimension, veterinary controls	From 0 to 30 min	From 20 to 45 min
Customs control	From 40 min to 1 h	From 40 min to 1 h
Border control	From 30 min to 2 h	From 20 min to 1 h
Waiting time in the queue	From 2 h to 96 h	From 2 h to 3 h 30 min
Total	From 6 h to 99 h	From 1 h to 6 h

Finally, Loft Abad – Artyk border crossing is also commonly used by the S1 corridor drivers.

Table 6.20 Border crossing: Iran (Loft Abad) – Turkmenistan (Artyk)

	Loft Abad(IRN)	Artyk (TKM)
Health, phytosanitary, weight and dimension, veterinary controls	From 15 min to 1 h	From 0 to 55 min
Customs control	1 h	From 30 min to 1 h
Border control	From 1 h to 7 h	From 30 min to 3 h
Waiting time in the queue	From 30 min to 120 h	From 30 min to 24 h
Total	From 2 h to 128 h	From 1 h to 27 h

Visa and immigration procedures take up to 1h on the Turkmen side of the border.

Turkmenistan – Uzbekistan

Table 6.21 Border crossing: Turkmenistan (Farab) – Uzbekistan (Alat)

	Farab (TKM)	Alat (UZB)
Health, phytosanitary, weight and dimension, veterinary controls	From 15 min to 45 min	From 15 min to 2 h 15 min
Customs control	From 15 min to 2 h	From 15 min to 3 h
Border control	From 15 min to 36 h	From 15 min to 6 h
Waiting time in the queue	From 2 h to 24 h	From 30 min to 48 h
Total	From 1 h to 66 h	From 35 min to 55 h

Both, on the Turkmenistan and Uzbekistan part of the border the visa procedures take from 20 minutes to 1 hour



Uzbekistan – Kazakhstan

Both for the N1 and N2 route, Yallama – B.Konsybayeva border crossing is the most important one. The total time drivers spent on this border varied from 3h to 77h. The waiting time in queue is especially high on this border.

Table 6.22 Border crossing: Yallama (Uzbekistan) – B.Konsybayeva (Kazakhstan)

	Yallama (UZB)	B.Konsybayeva (KAZ)
Health, phytosanitary, weight and dimension, veterinary controls	From 30 min to 1 h	From 30 min to 1 h 10 min
Customs control	From 15 min to 24 h	From 25 min to 3 h
Border control	From 10 min to 2 h	From 15 min to 40 min
Waiting time in the queue	From 2 h to 72 h	From 1 h to 7 h
Total	From 2 h 15 min to 74 h	From 1 h 30 min to 13 h

Visa procedures on Kazakhstan and Uzbekistan part of the border take from 15min to 1h.

Kazakhstan - Kyrgyzstan

Table 6.23 Border crossing: Kyrgyzstan (Chaldibar) – Kazakhstan (Chaldovar)

	Chaldovar (KGZ)	Chaldibar (KAZ)
Health, phytosanitary, weight and dimension, veterinary controls	From 15 min to 3 h	From 15 min to 2 h
Customs control	From 30 min to 1 h	From 30 min to 1 h
Border control	From 15 min to 2 h	From 15 min to 40 min
Waiting time in the queue	From 3 h to 4 h	From 40 min to 4 h
Total	From 3 h 30 min to 8 h	From 3 h 20 min to 14 h

From these show cases several conclusions can be drawn:

- Time spent at the border is unreliable and unpredictable; the variability of time expenditures for different operations on the borders is very high.
- There is a high proportion of time which trucks spend waiting in a queue which is a not an efficient economic operation.
- Especially on the Turkmen borders, the visa procedures are quite time consuming, on average 1 hour. Some times this waiting time represents one quarter of the time spent at the border.

Driving regime

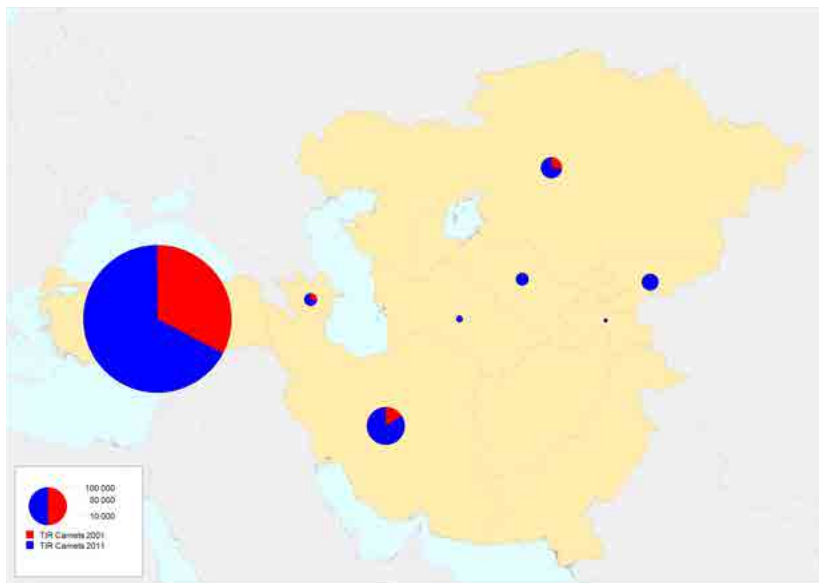
From 112 trips done on Southern route, 87 were done under TIR carnet and 25 were done under coverage of national transit customs declarations.

TIR carnets are an important instrument for international road transport facilitation. Between 2001 and 2011 the number of TIR carnet in the ECO region increased from 356 000 to 824 000. The share of the ECO countries in the worldwide amount of TIR carnets issued increased from 13.1% in 2001 to 26.8% in 2011

Table 6.24 TIR carnet in the countries of ECO

Country	2001	2011
Turkey	327 000	672 000
Iran	15 000	78 000
Kazakhstan	9 100	24 500
Kyrgyzstan	550	20 700
Uzbekistan	600	14 100
Azerbaijan	3 600	9 100
Turkmenistan	150	4 700
Tajikistan	0	1 500
Afghanistan	0	0
Pakistan	0	0
Total ECO	356 000	824 600
Grand total	2 707 950	3 074 500
ECO/Total,%	13,1%	26,8%

Figure 6.4 TIR carnets in ECO (2001, 2011)



Source: Compiled by Panteia, Business Unit Panteia/NEA

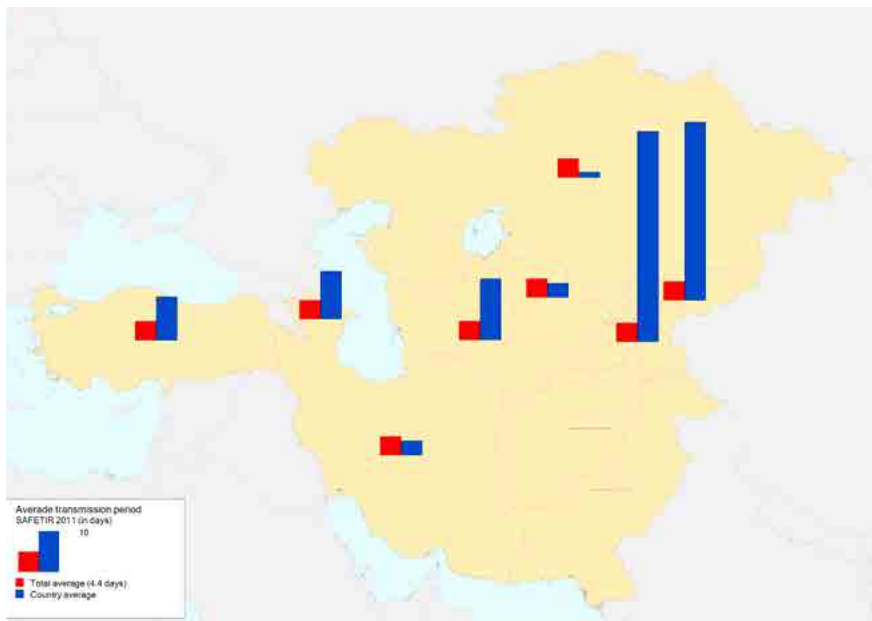


One of the main benefits of the TIR carnet is that it may reduce waiting time at borders. Indeed, the analysis of drivers' journals for the Southern route has shown that the average waiting times for trucks at borders for Customs control, immigration and inspection procedures in the sample of 112 trips is 62 hours for trucks under TIR regime and 69 hours for trucks without TIR carnet. Box 2 provides information on average transmission period for the TIR carnets under SAFETIR.

Box 2 Average Transmission Period SAFETIR 2011

The average transmission period for the TIR carnets under SAFETIR vary widely in the ECO region: from 49.7 days for Tajikistan and 42.1 days for Kyrgyzstan to 1.2 days for Kazakhstan, 3.4 days for Iran and 3.5 days for Uzbekistan. The average period for the ECO region was 4.4 days

Figure 6.5 Average Transmission Period SAFETIR 2011



Source: Compiled by Panteia, Business Unit NEA

Expenditures

The total expenditures of drivers on the Southern route vary a lot. In average, the trip from Bandar-Abbas to Ashgabat (S1a) costs 632 USD. For the S1b route, the median cost of the trip from Bandar-Abbas to Samarkand/Tashkent is 1 701 USD. The distance travelled on S1a route is shorter and only one border crossing is involved. Therefore, expenses on the S1a route are in general lower.

On the S1a route the fuel and transit costs represent almost 70% of the total trip costs. Border crossing expenses are relatively low in comparison with all other NELTI routes. Weight and dimension control costs represent almost 70 % of the total border crossing payments. Unofficial payments represent only 7% of the total cost of the trips.

Fuel and transit costs are the major expenses on the S1b route, representing in the majority of cases more than 50 - 60% of the total costs of the trip. Border crossing costs amount to 14% of the total trip costs. The border crossing costs are for 40% composed from the border control payments. Visa payments were reported in 2 cases (amounting 42 and 353 USD) as well and escort payments in 8 cases (200 euro per trip in average). Drivers declare that in average 17% of the total trip costs are paid unofficially.

Table 6.25 Main costs on the Southern route S1 (in USD)

	S1a			S1b		
	Max	Median	Min	Max	Median	Min
Fuel cost	500	350	350	3040	600	50
Cost of transit	325	181	15	1788	558	125
Insurance	70	0	0	395	90	60
Border crossing costs	235	38	25	1730	275	96
Meals and overnight stay	35	5	0	165	104	60
TOTAL costs	893	644	405	5671	1701	1088

Aggregated cost assessment for the S2a and S2b routes is not possible because of the high variety of origins and destinations of this corridor. A lot of journal collected do not provide information for the whole corridor but only for its section. Therefore, costs of random trips can be taken in order to illustrate the situation on this corridor.

**Table 6.26 Main costs on the Southern route S2 (in USD)**

	S2a	S2b				
	Istanbul - Almaty	Istanbul - Ashgabat	Gurbulak - Tehran	Bishkek - Mashhad	Bishkek-Mersin	Dostyk – Mazari Shariff
Fuel cost	280	1610	250	1000	2500	652
Cost of transit	0	0	2740	550	830	0
Insurance	19	280	140	525	500	0
Border crossing costs	919	160	200	1618	2680	782
Meals and overnight stay	62	155	130	221	370	110
TOTAL costs	2000	3410	4320	4379	6880	1544

Table 6.26 shows a high irregularity in the amount of costs declared by drivers in the trips observed. Fuel costs, border crossing costs and transit cost remain the highest cost categories. The amount of unofficial payments for the above-described trips varied from 3 to 45% of the total costs.

UNESCAP time/cost-distance methodology was applied to the received drivers' journals. As an example, a trip from Bandar Abbas (Iran) to Bishkek (Kyrgyzstan) was described for the S1 corridor and a trip from Istanbul (Turkey) to Almaty (Kazakhstan) for the S2 corridor.

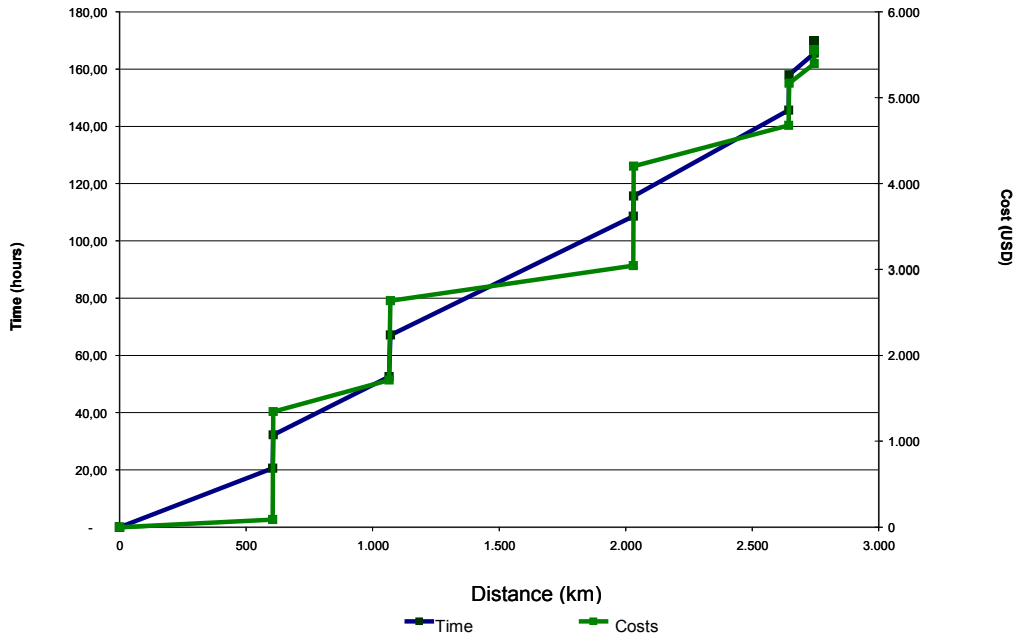
Southern Route, corridor S1 of the ECO RMT/NELTI-3 project
Bandar Abbas (Iran) – Bishkek (Kyrgyzstan)
13.09.2011 – 20.09.2011
One way trip

General information		
Origin	Bandar Abbas, Iran	13.09.2011
Destination	Bishkek, Kyrgyzstan	20.09.2011
Cargo	Consumer goods	
Travelled distance (km)	2746	
Time		
Travel time (days)	7	
Average speed (km/day)	392	
Costs		
Total costs (USD)	5558	
Unofficial costs (USD)	1720	
Non-physical barriers		Hours
Border waiting times	Iran - Turkmenistan	17,5
	Turkmenistan – Uzbekistan	24
	Uzbekistan - Kazakhstan	21
	Kazakhstan - Kyrgyzstan	17

Time/cost distance model

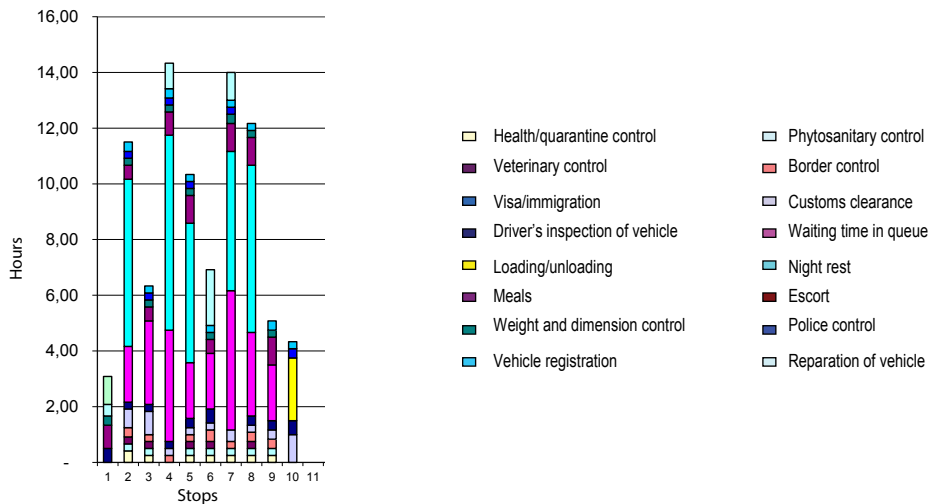
Graph 6.7 Time/Cost – Distance Model for S1

Time/Cost – Distance Model



Comparison of time spent at each stop

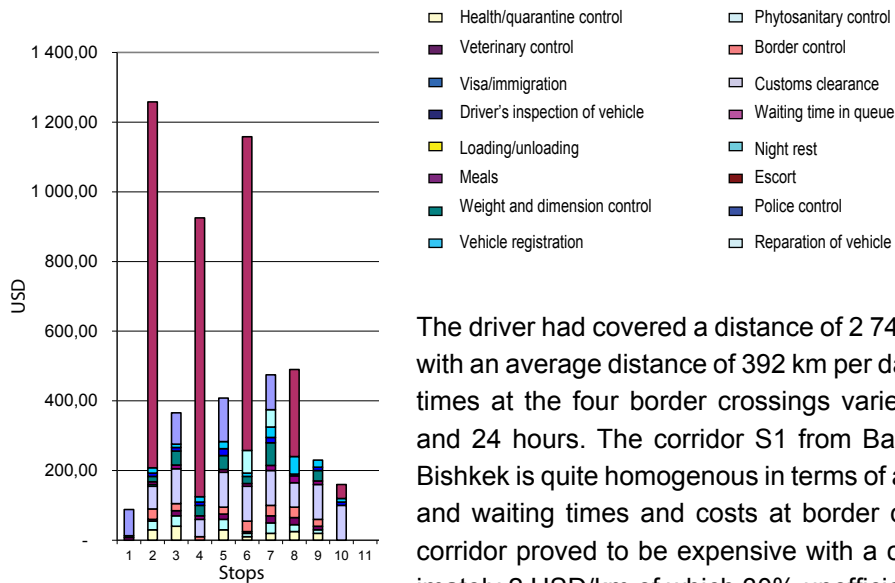
Graph 6.8 Time comparison at stops





Comparison of costs spent at each stop

Graph 6.9 Cost comparison at stops



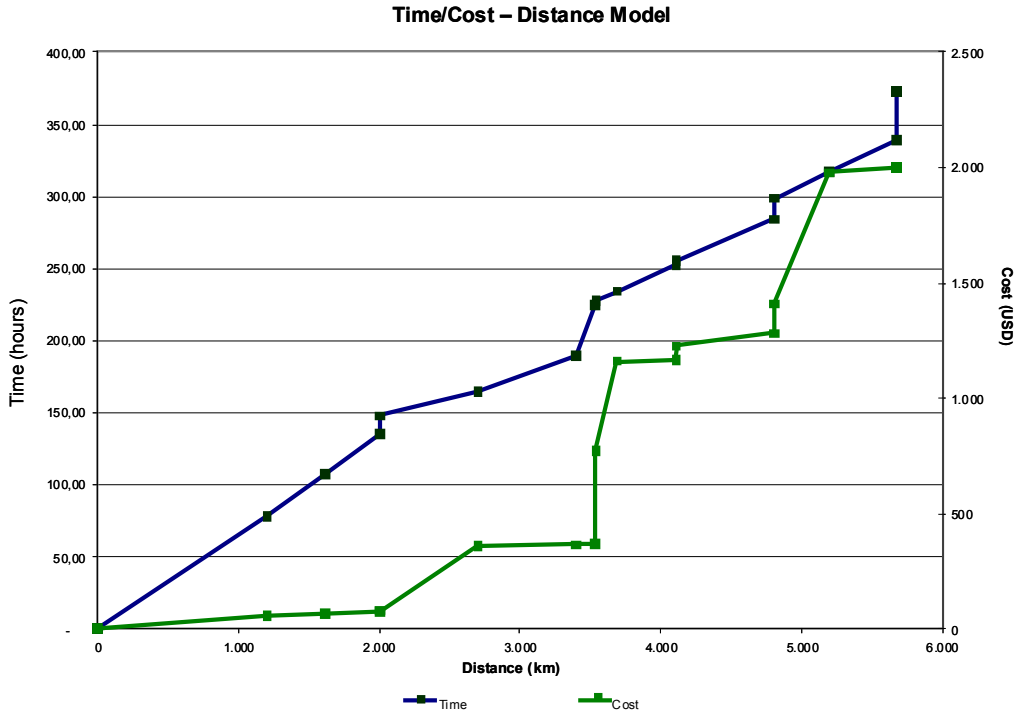
The driver had covered a distance of 2 746 km in 7 days with an average distance of 392 km per day. The waiting times at the four border crossings varied between 17 and 24 hours. The corridor S1 from Bandar Abbas to Bishkek is quite homogenous in terms of average speed and waiting times and costs at border crossings. The corridor proved to be expensive with a cost of approximately 2 USD/km of which 30% unofficial payments.

**Southern Routes, S2 route of the ECO RMT/NELTI-3 project
Istanbul (Turkey) – Almaty (Kazakhstan)
21.07.2011 – 03.08.2011
One way trip**

General information		
Origin	Istanbul, Turkey	21.07.2011
Destination	Almaty, Kazakhstan	03.08.2011
Cargo	Consumer goods	
Travelled distance (km)	5675	
Time		
Travel time (days)	15.5	
Average speed (km/day)	366	
Costs		
Total costs (USD)	2000	
Unofficial costs (USD)	919	
Non-physical barriers		Hours
Border waiting times	Turkey - Iran	15
	Iran - Turkmenistan	5.5
	Turkmenistan – Uzbekistan	17
	Uzbekistan - Kazakhstan	21

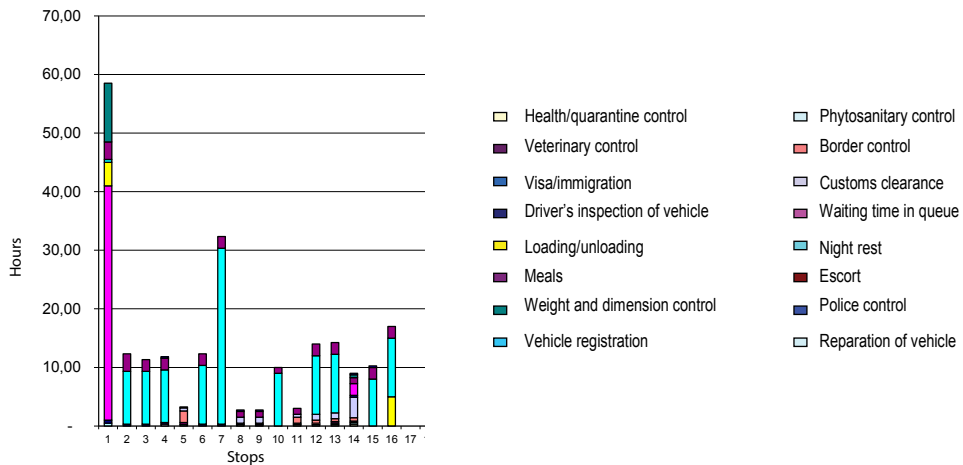
Time/cost distance model

Graph 6.10 Time/Cost – Distance Model for S2 route



Comparison of time spent at each stop

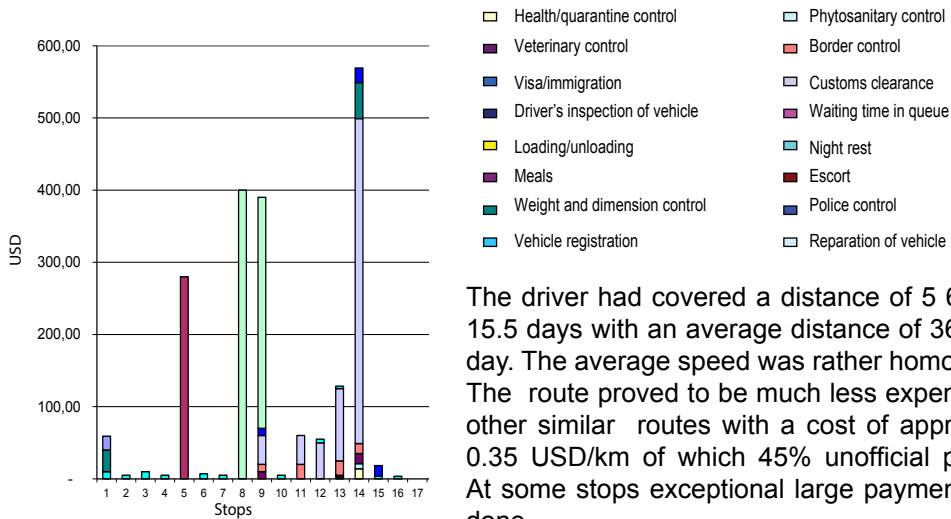
Graph 6.11 Time comparison at stops





Comparison of costs spent at each stop

Graph 6.12 Cost comparison at stops



The driver had covered a distance of 5 675 km in 15.5 days with an average distance of 366 km per day. The average speed was rather homogeneous. The route proved to be much less expensive than other similar routes with a cost of approximately 0.35 USD/km of which 45% unofficial payments. At some stops exceptional large payments had to be done.

Aggregated analysis

The aggregated analysis for the all journals of ECO RMET/NELTI-3 in Figure 6.6 shows that only about 60% of the total trip time is spent on driving, rest periods, meals and overnight stays. Waiting time in queues and the time taken by all kind of procedures related with control and inspections takes up to 30% of the total trip time. 31% of the time spent on procedures, are related to customs clearance and 21% to border control. 51% of non-driving time and 40% of total trip time lost at border crossings.

Figure 6.6 Time structure related with the total trip time

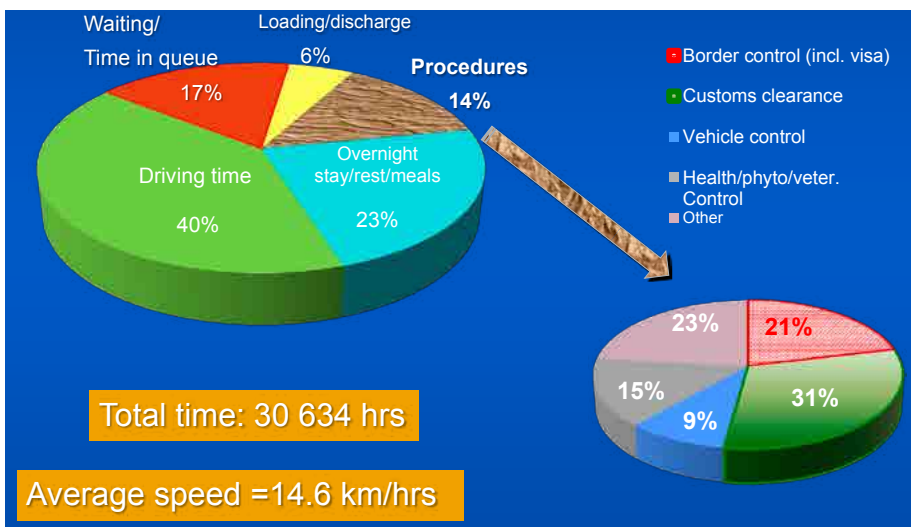
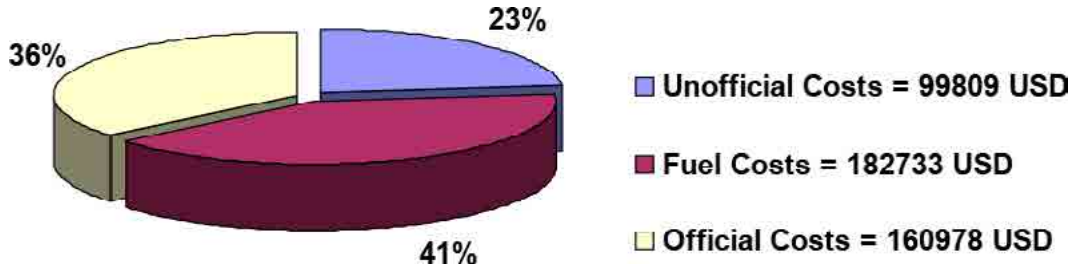


Figure 6.7 Cost Structure of the total trips

BREAKDOWN OF TOTAL COSTS OF 443520 USD



BREAKDOWN OF OFFICIAL COSTS OF 160978 USD

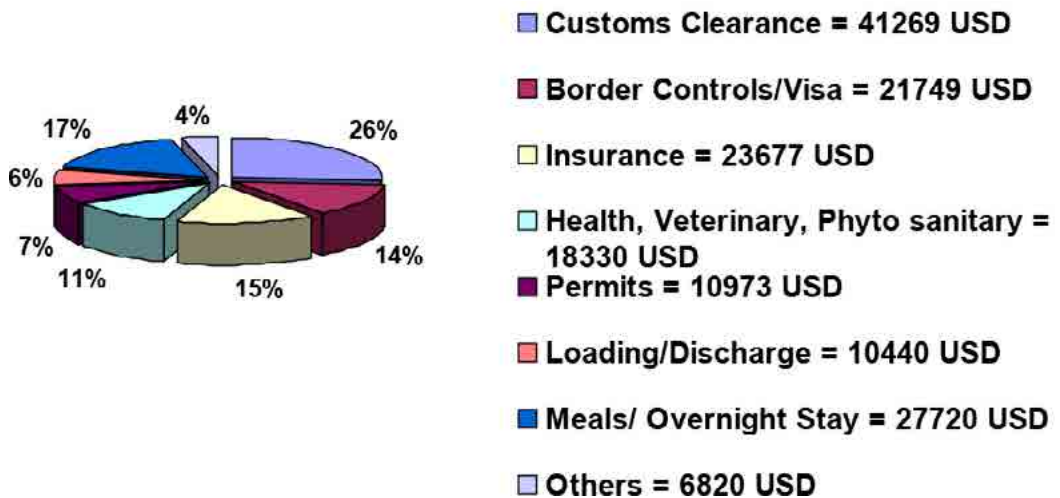


Figure 6.7 shows the amount of official costs and unofficial costs taking the costs of fuel into account, too. The percentage of unjustified levies paid is 22 % of the total official and unofficial costs; if we would take the overall cost of the 139 trips, the unjustified levies paid still constitute 38% of the total costs. Generally unofficial costs have been encountered for reduction of the waiting times at the border (preferential position in the waiting queue) speeding up elaboration of documents for border crossing and control procedures (visas, sanitary and veterinary control, permits and insurance). It should also be mentioned police controls and checks en route which are source for red tape. The costs for main procedures, such as customs clearance, border control, police inspections, and weight and dimensional controls constitute for 32% of the official costs. If cost of insurance and permits are added then the share of funds, spent on various compulsory procedures, in total official costs add up to 53%. Next to this number, total of driver and vehicle-related costs, namely overnight stay, meals and repairs look moderate with a 31% combined share in the total official costs without fuel.



CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

Based on the final results and findings of the ECO Project for Regular Monitoring Trucks (ECORMT), the following conclusions and recommendations describing the problems with clear targets and actions could be drawn:

VISA

The current image of visa systems along the surveyed routes is a mixed one. Some member states have totally lifted the visa regime among themselves, resulting in substantial reduction in costs and efforts. In the Southern route, for example, a Kazakh driver to deliver cargo from Kazakhstan to Turkey via Uzbekistan, Turkmenistan and Iran only needs to obtain visas for Iran and Turkmenistan. As another example, many of the CIS countries do not require visa among themselves. Furthermore, Drivers of Iran, Azerbaijan, Kazakhstan, Tajikistan, Turkmenistan, and Uzbekistan traveling to Turkey do not need an entry visa. Iran does not apply visa to Azeri and Turkish drivers. Visa requirement has also been lifted for the Iranian professional for Azerbaijan.

On the other end of the spectrum, there were cases reported during the Project, where visa was a main restriction factor for transit operations between two or more member states.

In general, the visa related problems drivers encounter in the region can be categorised into two main groups:

1. Long waiting time and high costs for obtaining visas.
2. Bureaucratic procedures at visa and passport checking point at the border crossings.

Obtaining visa for some member states has been reported by the drivers to be highly cumbersome and costly. In some of the filled-in questionnaires, there were reports of figures like 353 USD as a fee for only one country. Another problem confronted by drivers with regard to multiple visa was the time period. Multiple visa is not issued for longer duration as short duration as short duration nullifies the impact of facility of multiple entries.



The visa issues occurring at the border crossings are mainly related to underdeveloped immigration services:

- The participating drivers have reported that in order to pass the passport control they had to leave their trucks unattended at the borders.
- Due to the fact that many border control points are not yet fully modernized, passport controls are done manually,
- The facilities for issuing entry or transit visas at the border points are rare.
- The abovementioned issues contribute to slowing the total time required for border crossing along both the northern and southern route. In five segments, the waiting time for passport control has been reported to be about 15 minutes to 60 minutes, and there are cases of even much longer time required for passport control which in average this waiting time represents one quarter of the total time spent at the border.

RECOMMENDATION

Solutions recommended for improving the situation of visa for drivers in the ECO region are as under:

- As a first priority, the member states may consider abolishing the visa requirement for drivers of other member states, if they have not already done. Taking into account, the cultural, social and economic commonalities of the ECO member states, and the strong sense of solidarity existing in the region, this recommendation is quite feasible. Even now, eight out of the ten ECO member states have abolished visa requirement for drivers of at least two or more other member states. This is a clear example of good practices in transit operations, which should be extended and scaled up.
- The second solution is easing up the terms and conditions of visa issuance for drivers until the abolishment of visa regimes. A concrete proposal in this regard is to promote the implementation of Article 12 (Multiple Entry and Transit Visa) of the TTFA, which stipulates that:

“1) The Contracting Parties shall grant visas to the drivers of the vehicles and the persons engaged in international transit traffic operations, who are subject to visa requirements, multiple entry and transit visas valid for a period of one year with a right of staying on the territory of each Contracting Party for 15 days in transit for each trip and for up-to 5 more days in place of loading and discharge.

2) In case of illness or injury of persons, accident or damage to vehicles, the period of stay shall be extended correspondingly”.

- As the TTFA has been ratified by the parliaments of eight member states, these provisions are already a law in the region and efforts are needed to assure its implementation.
- The third solution is that, until the full abolishment of visa regime for drivers, a “Unified ECO Visa Sticker” may be developed for drivers and persons involved in transit operations”. Such a multilateral system based on exchange of national lists of professional drivers can contribute significantly to free movement within the ECO region.

PERMIT

The status of permit controls in the countries studied under the ERMT project is a diverse one. Some member states have totally abolished transport permit system between themselves. For example no permit is required between Iran and Turkey. Likewise, Kazakhstan has a permit-free haulage arrangement with the Kyrgyz Republic, Tajikistan, and Uzbekistan. The same is between Tajikistan and the Kyrgyz Republic.

On the other hand, the participating drivers reported high prices in obtaining permits to enter some member states.

In average, permit prices contributed to seven percent of the total costs of trips under the ERMT project.

RECOMMENDATION

- It is recommended that the initiatives in the context of the ECO would be to promote the extension of the permit-free arrangements as is being observed by some member states. The ECO's recent initiatives to establish road transport corridors will provide a good opportunity to promote permit-free routes in the region.
- In parallel with efforts to abolish the permit system, measures may also be pursued to ease up permit-related restrictions, such as quotas and other obstacles in determining and issuing permits. Under the existing bilateral agreements between the countries, transport permits are usually valid for only single trips. As a first step, the member states may be encouraged to introduce multiple entry permits rather than single entry ones.
- In this regards, the ongoing efforts may be enhanced for full implementation of Article 15 of the TTFA (Road Transport Permits), which stipulates that: "Contracting Parties shall harmonize and facilitate the requirements necessary for the issuance of road transport permits for carriage of goods, passengers and luggage in transit traffic, without any limitation and quota."

FUEL

Observations recorded by the ERMT project with regard to fuel can be analyzed by three perspectives:

A) Cost

Fuel is the highest cost item in the total expenditures of all the trips made under the ECORMT-NELTI III Project. In the northern route, it constitutes in average 53% of the total cost. In the N1 route, the total cost of fuel per trip was recorded to range between 636-2150 USD, with an average of 1675 USD. This ranged between 630-2650 USD per trip, with a median of 1147 USD in the N2 Route. In the S1 route, the fuel and transit



costs represent almost 70% of the total trip costs. In the S1b route as well, fuel and transit costs are the major expenses, representing in the majority of cases more than 50-60% of the total costs of trips.

B) Fuel price differences

The questionnaires collected during the study confirmed the very high difference in the fuel prices between the journeys in member states. This resulted in frequent controls on the fuel volumes of trucks at the border crossing points, which in return increased the time spent on border crossings and was the cause of unofficial payments to ease up the controls.

C) Availability

Long distances between fuel stations and the peripheral facilities such as repair shops and resting/overnight stay was observed as a common problem in a number of the studied routes.

RECOMMENDATIONS

Taking into account Items A-C above, it is recommended that:

- Any action to reduce the fuel cost will have a substantial positive impact on competition by reducing the total costs of transit in the region. The first obvious policy option in this regard is modernizing the trucks fleet in the region, thus that the truck fleet in the region develop into modern and more energy-efficient. Secondly, the efforts on improving the road infrastructure in the region should be strengthened, keeping in view its role in improving the fuel efficiency.
- Taking into account the country-specific peculiarities of border crossing issues caused by different fuel prices, it is recommended to conduct a separate study on this issue.
- It is recommended to prepare and implement a regional project for the development of TIR Parking areas in the ECO region in order to improve the availability of fuels and other services along the ECO road corridors.

INSURANCE

The Motor Vehicle Third Party Liability insurance was reported as mandatory in the surveyed Member States except the Kyrgyz Republic. In most cases the policy issued to the drivers includes liabilities against bodily injuries, death and property damages of third party. Practically speaking, diminutive number of these items are applied in some of the Member States.

The procedures for third party compensation were fairly clear and transparent in most of the Member States. The range of MVTPL limit per victim in the travelled countries varied between

250 USD to 125,000 USD . The highest MVTPL limits were in Iran and Turkey. Excluding Iran, the limit of liability per event in all countries is predetermined or depends on the number of injured people or the vehicle's type. However, in Iran, the amount of liability per accident is unlimited.

Except between Iran and Turkey who are members to the Green Card system, foreign vehicles entering the countries have to purchase an MVTPL insurance policy at the border point.

The cost of obtaining MVTPL insurance policy was reported to be about 0-400 USD in the N1 route, 21-370 USD in the N2 route, 19-280 USD in S2a route, and 0-525 USD in S2b route. In average, MVTPL insurance constituted about 15 percent of the total costs of transit in the whole ECO RMT-NELTI III routes.

To conclude the observations on insurance, it may be noted that the following main problems needs urgent actions in the context of the ECO:

1. In the two countries covered by the ECO ERMT study, the compulsory insurance is either absent or is not enforced. Figure "0" in the cost analysis mentioned above is an indicative of this fact.
2. The current practice of selling insurance policies at the border points (in the absence of regional or international insurance schemes) contributes to high share of insurance in the total costs of transit, particularly in journeys between more than two countries.

RECOMMENDATIONS

- It is recommended to implement an urgent capacity building programme to assist the ECO member states where the compulsory MVTPL insurance is not in force.
- In order to reduce the costs of insurance for vehicles in transit, it is recommended that, in the long term, all the ECO Member States may join to the International Green Card System, as Iran and Turkey have done.

In the short term, setting up an interim regional compulsory motor vehicle third party liability insurance scheme is a practical solution such an interim arrangement has been anticipated in Article 22 of the TTFA and its Annex V and is being followed up as the ECO White Card Scheme.

WAITING IN QUEUES

The aggregated analysis for all journals of ECO RMT/NELTI-3 showed that only about 60% of the total trip time is spent on driving, rest periods, meals and overnight stays.

Waiting time in queues and the time taken by all kind of procedures related with control and inspections takes up to 30% of the total trip time.



Alone waiting in queues constitutes a big part of the wasted time. Out of the average 9.1 days duration of journey per truck which was recorded by the project, about 1.5 days per truck/ journey was spent only for waiting in queues.

The recorded waiting time on the northern route varied between 30 minutes to as high as 175 hours (more than one week) per border. The waiting time in queue on the Chinese side was particularly a main bottleneck on this route. Average waiting time in different border crossing points on the southern route varied between 3 hours to 148 hours (6 days).

The analysis of drivers' journals for the Southern route has shown that the average waiting times for trucks at borders for Customs control, immigration and inspection procedures is 62 hours for trucks under TIR regime and 69 hours for trucks without TIR carnet. One of the main benefits of the TIR carnet is that it may reduce the waiting time.

RECOMMENDATION

- Reducing the waiting time is quite feasible through streamlining the working polices and bilateral arrangements, together with a moderate improvement in the border crossing infrastructure. Assuming the elimination of waiting time, as high as a 17 percent decrease in the total duration of transit in the region. This would contribute significantly to enhancing the competitiveness of the region in terms of transit by road.
- There is a need to pay immediate attention to the welfare issues of the drivers whom have to wait in the borders for such long times, so that the availability of at least the minimum services such as safe place for parking and rest, basic medical service, telecommunication, meals and restrooms are assured to them.
- As proven by the observations of the project, the TIR carnet reduces the waiting time at the borders by at least 10 percent, while the recently developed electronic TIR information exchange systems are not yet fully installed in most of the border crossing points in the region. It is therefore recommended to enhance the implementation of the TIR system and to expedite the installation of the electronic TIR data exchange systems in the region.

DRIVING SPEED

The average "driving speed" was about 43 km/h per trip for the whole routes surveyed by the project. The average driving speed for the countries of the Northern route ranged between 35 to 43.5 km/h. This figure was between 35 to 52 km/h for the countries of the Southern route. In aggregate, only about 40 percent of the total duration of the trips was spent on driving.

RECOMMENDATION

- These findings clearly indicate the need for improving the average speed in the ECO region,

taking into account that the average driving speed in some other regions is about 70 km/h.

- Improving the road conditions may be considered as the main strategy for increasing the average driving speed of trucks in the region, together with other measures such as renovating the fleet and removing non-physical barriers. The reason for giving priority to road infrastructure improvement is that according to the recorded observations, the average driving speed varied a lot within each travelled country.

Attentions should be drawn to the fact that the “**average speed**”, including time spent on stops was almost two times less than the “**average driving speed**”, indicating that drivers spend much time on stops, which was more due to border crossings than to rest and meals. Here the policy options should be focused on removing non-physical barriers, which are addressed in different sections of this report.

UNOFFICIAL PAYMENTS

The journals showed that the unofficial costs paid by the participating drivers were high. About 20% of the costs that drivers encountered on the N1 route were paid unofficially. This figure was 28% in the N2 route, 7% in the S1a route, 17% in S1b route. Converted to per kilometre terms, the amount of unjustified levies paid by every driver was about 0.22 USD/km. This figure was 0.24 USD/km for the Southern route and 0.15 USD/km for the northern route.

Unofficial payments and unjustified levies were made for the following reasons activities:

- i) Avoiding paperwork and facilitating customs clearance,
- ii) Expediting various controls, such as passport, sanitary and phyto-sanitary, permit, insurance,
- iii) Ignoring excess load or fuel or overlooking violations from technical specifications and dimensions,
- iv) Breaking through the waiting queue,
- v) Avoiding on-road inspections,
- vi) Other items.

RECOMMENDATION

- Unjustified levies are largely avoidable and can be effectively addressed through national and regional measures. Taking into account the legal and technical dimensions of the issue, it is suggested to convene a more detailed study on this subject to provide the Transit Transport Coordination Council of the ECO and its auxiliary technical Committee, particularly the Road, Transit Trade, and Insurance Committees with an added vivid image of the issue and concrete measures on each item. The following recommendation, however, can be submitted as far as the observations of a study at the scale of the present project allows.
- It is strongly recommended to improve the inspection infrastructure, notably the equipment



and tools in most of the border crossing points. Some of the border points, with even high daily traffics, lacked appropriate physical inspection equipment.

- A high priority should be attached to automation of border crossing procedures, and converting the existing multiple and excessive documentation into a simple and transparent system. The aim should be to minimize human discretion in border crossing operations to eliminate the grounds for red tape.
- The presence of strong business community, unions, associations or any other types of private sector group would play a key role in reporting and resolving the issue of unjustified levies. Therefore, the ECO Logistic Provider Associations Federation (ECOLPAF), which is in establishment phase , can be useful in this regard.
- The benefits of full implementation of the TIR Convention together with the recently introduced electronic data exchange tools such as EPDI, SAFETIR may also be viewed in terms of its role in reducing unofficial payments through simplifying and harmonizing the documentation for transit.
- A high importance needs to be given to disseminating adequate information about the procedures and requirements for border crossing in different member countries. Advance notice also should be given, to other member states, of any additional requirement or modification in documentation, procedures, technical specifications and parameters of trucks, etc. these suggestions are in line with the provisions of the TTFA.

CUSTOMS PROCEDURES

Documentation and procedures were one of the significant cost and time elements.

RECOMMENDATIONS

- It is recommended to further intensify the ongoing efforts under the aegis of the ECO Transit Trade Committee with regard to simplification of the Customs control, Consolidation and Alignment of Documentation and eliminate the requirements which may be agreed to be considered as superfluous or not serving any particular purpose.
- Introduction of a “single window” system for submitting, processing and checking the documents for freights and vehicles at border crossing points.
- Introduction of Joint Controls of Vehicles and Cargos at the borders,
- Training and monitoring activities of border authorities with a view to increasing their service efficiency and ensuring integrity.

WEIGHTS AND DIMENSIONS OF VEHICLES

Weight and dimension controls were reported by the drivers to take time and cost. In terms of time, it was observed that the weight and dimension control together with health, phyto-sanitary and veterinary controls would take up to two hours and 15 minutes in some border points. In some cases, in terms of cost, the payments for weight and dimension control fees were charged unofficially..

A particular issue with regard to weight and dimensions is that different standards are applied by the en route countries, which are sometimes different from the registration country of the concerned vehicle. Lack of adequate information dissemination about these standards and specifications or else the most recent changes in them is another issue.

RECOMMENDATIONS

- It is recommended that full implementation of Annex IV of the TTFA with regard to technical requirements of the means of transport be followed up and monitored regularly. The tables should also be widely disseminated to all stakeholders, the business community, chambers of commerce, transport associations and all other relevant agencies. Efforts may also be initiated for gradual unification of the requirements. The tables in the said Annex provide in full detail the technical requirements regarding vehicle dimensions, maximum total weights with loads, axle load and other parameters for means of transport used in road transit transport for each Contracting Party. The tables are regularly updated by obtaining the latest revisions from the member states.
- ECO Member States may also consider implementing a pilot project for the introduction of UNECE International Vehicle Weight Certificate along the main trade itineraries of the ECO region, notably across the KTAI and ITI routes.

IMPLEMENTATION OF INTERNATIONAL LEGAL FRAMEWORKS FOR FACILITATION OF ROAD TRANSPORT

- It is recommended to scale up the ongoing efforts to assure the full implementation of the ECO Transit Transport Framework Agreement (TTFA) to fluidize the regional traffic, harmonize and simplify formalities and procedures and establish common standards while maintaining consistency with international conventions. In order to do so strong political support from the Member States is needed as well as partnership and support from international organizations such as the UN system and its various organs, IRU, regional organizations, and development partners such as the Islamic Development Banks, the World Bank, the Asian Development Banks, and the ECO Trade and Development Bank.
- ECO Member States should become contracting parties and/or implement the most relevant UN trade and road transport facilitation instruments and the WCO Conventions such as:
 - International Convention on Road Traffic, 1968
 - International Convention on Road Signs and Signals, 1968



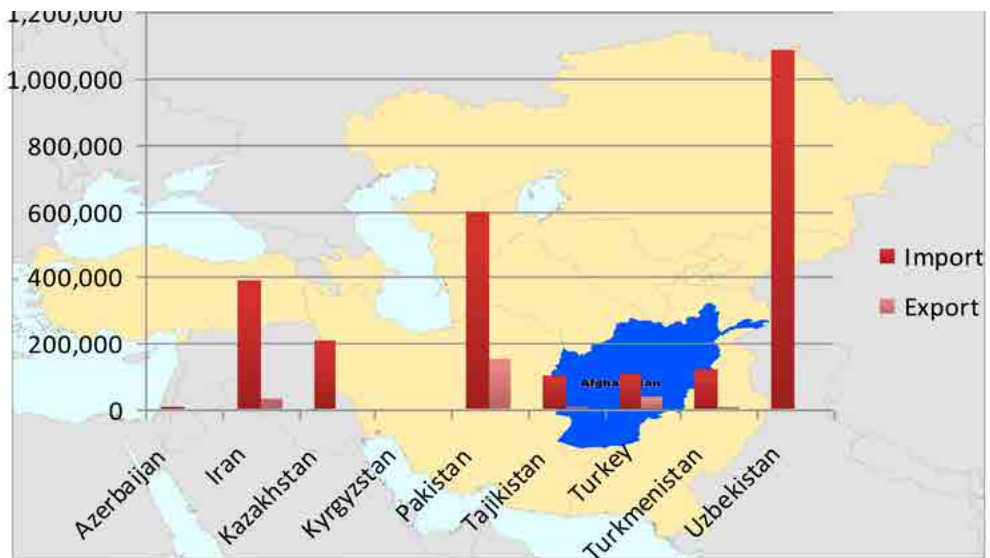
- The TIR Convention, 1975, It is also recommended to enhance the implementation of the procedures and tools which have been introduced by IRU with the aim of further facilitating the border crossing under the TIR Carnet, examples including the Implementation of Green Lanes for trucks carrying goods under the TIR coverage, and Introduction of the IRU Electronic Pre Declaration System (TIR-EPD) for goods under the TIR coverage.
- The Convention on the Contract for the International Carriage of Goods by Road (CMR) of May 19, 1956, and the Protocol to this Convention (Geneva, 5 July, 1978).
- Customs Convention on Containers, 1972
- International Convention on Harmonization of Frontier Controls of Goods, 1982 and its Annex 8 on Road Transport
- Agreement on the Adoption of Uniform Technical Regulations for Wheeled Vehicles, Equipment and Parts which can be fitted and/or be used on Wheeled Vehicles and the Conditions for Reciprocal Recognition of Approvals Granted on the Basis of these Prescriptions, 1958
- Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be Used for such Carriage, 1970
- International Convention on Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention), 1999
- International Motor Insurance Card (the Green Card)
- Annex-II and III to the European Agreement on Main International Traffic Arteries (AGR, 1975) bearing in mind the Amendments to them which entered into force on 24 June, 1989. The titles of these Annexes are as follows: a) Conditions to which the Main International Traffic Arteries should conform (Annex-II, ECE/TRANS/16/Amend.2); and, Identification and signing of E-Roads (Annex-III, ECE/TRANS/16/Amend.2).

ANNEX 1 COUNTRY TRADE FIGURES

Afghanistan

The total value of trade of Afghanistan was 5.5 billion USD in 2010 of which 93% represented imports and 7% exports. The share of intra-regional trade with Member States of ECO constituted 51.8% of the total trade: 50.7% of the total import and 66.7% of the total export. As Figure 3.1 shows, the major trade partner in the ECO region is Uzbekistan, followed by Pakistan and Iran.

Figure 3.1 Afghanistan Intra-ECO Trade 2010 (value)

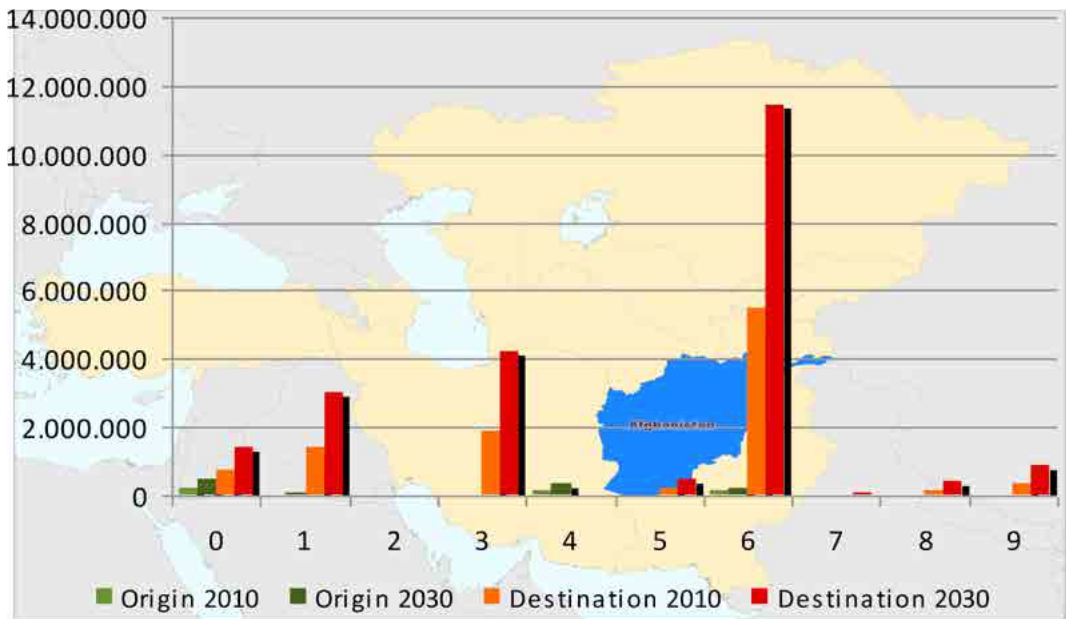


Compiled by Panteia, Business Unit NEA, based on data from ECOKSI 2011 and WTC



Figure 3.2 shows the intra-ECO trade volumes of Afghanistan in 2010 and the forecast for 2030 by commodity group. The imports of commodities from group 6 - crude, manufactured minerals and construction materials – forms the major freight flow, followed by the import of petroleum products and foodstuffs.

Figure 3.2 Afghanistan Intra-ECO Trade in 2010 and 2030 (in tonnes by commodity group)



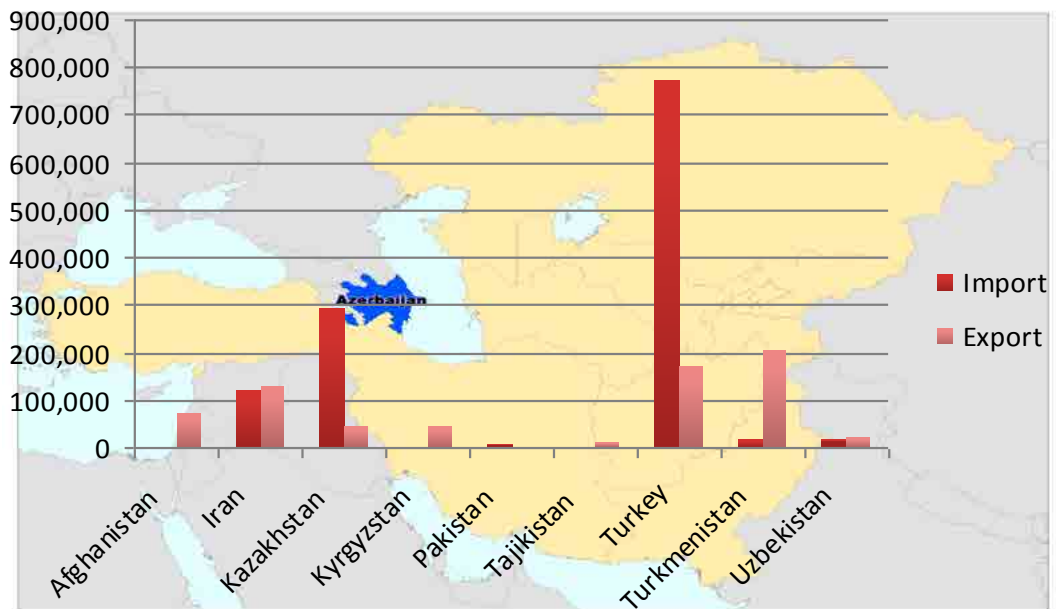
- 0 Agricultural products and live animals
- 1 Foodstuffs and animal fodder
- 2 solid mineral fuels
- 3 Petroleum products
- 4 Ores and metal waste
- 5 Metal products
- 6 Crude and manufactured minerals, building materials
- 7 Fertilizers
- 8 Chemicals
- 9 Machinery, transport equipment, manufactured articles and miscellaneous articles

Source: Panteia, Business Unit NEA

Azerbaijan

The total value of trade of Azerbaijan was 28.0 billion USD in 2010 of which 24% import and 76% export. The percentage of intra-regional trade with Member States of ECO was 6.8% of the total trade: 18.4% of the total import and 3.2% of the total export. As Figure 3.3 shows, the major trade partner in the ECO region is Turkey, from which country Azerbaijan has imported commodities with a total value of 771 million USD.

Figure 3.3 Azerbaijan Intra-ECO Trade 2010 (value)

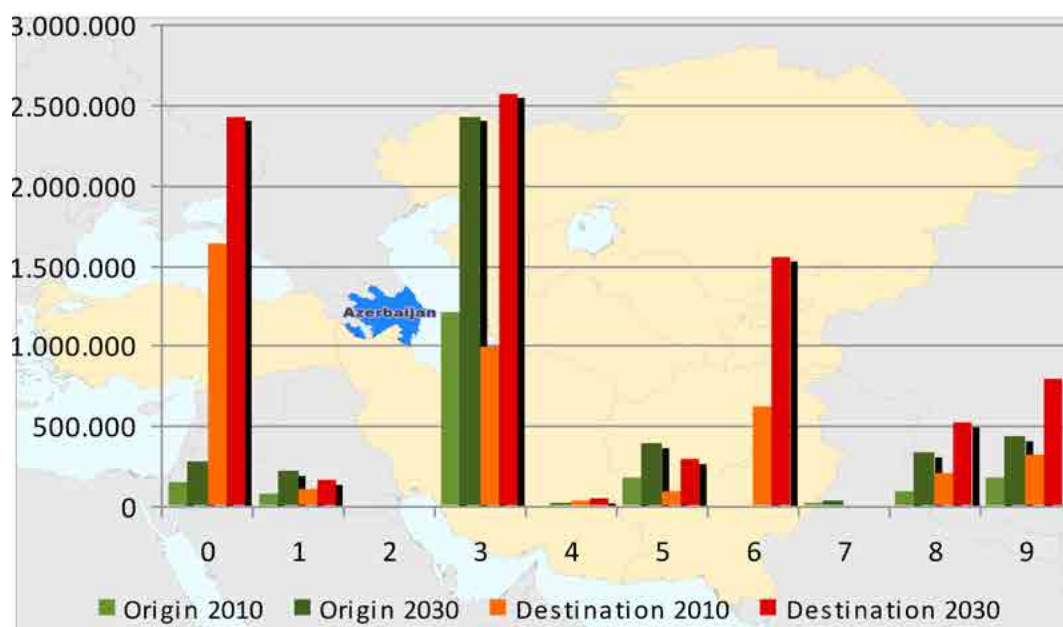


Compiled by Panteia, Business Unit NEA, based on data from ECOKSI 2011 and WTC



Figure 3.4 shows the intra-ECO trade volumes of Azerbaijan in 2010 and the forecast for 2030 by commodity group. Azerbaijan exports petroleum products to other ECO Member States while it is also importing a similar volume from the ECO region.

Figure 3.4 Azerbaijan Intra-ECO Trade in 2010 and 2030 (in tonnes by commodity group)



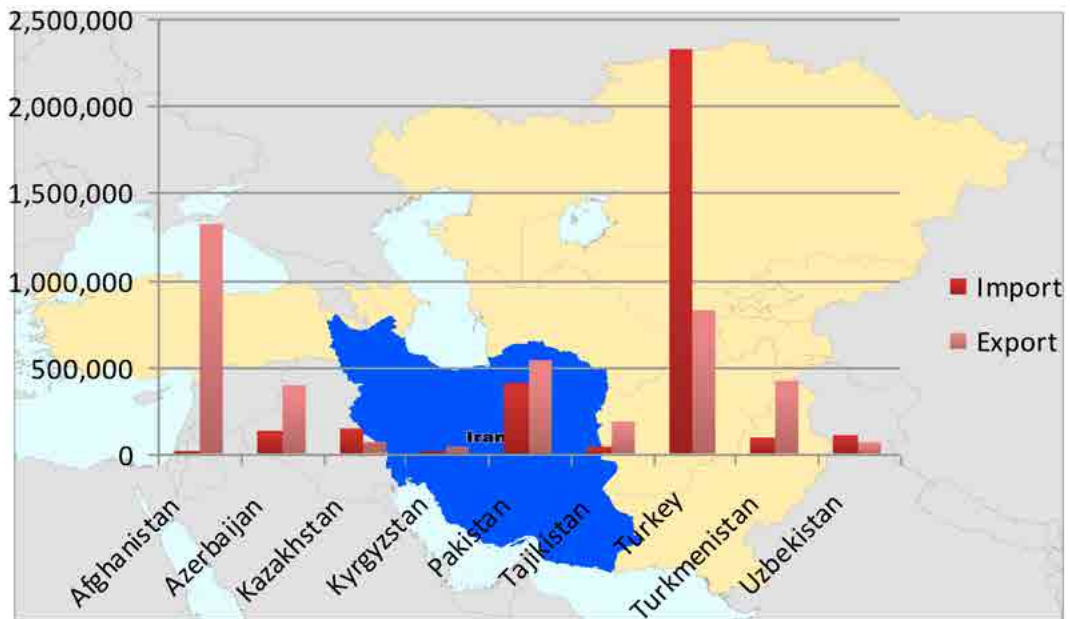
- 0 Agricultural products and live animals
- 1 Foodstuffs and animal fodder
- 2 solid mineral fuels
- 3 Petroleum products
- 4 Ores and metal waste
- 5 Metal products
- 6 Crude and manufactured minerals, building materials
- 7 Fertilizers
- 8 Chemicals
- 9 Machinery, transport equipment, manufactured articles and miscellaneous articles

Source: Panteia, Business Unit NEA

Iran

Iran's total value of trade was 173.5 billion USD in 2010 of which 37% import and 63% export. The percentage of intra-regional trade with Member States of ECO constituted 4.3% of the total trade: 5.1% of the total import and 3.8% of the total export . Figure 3.5 shows that the major trade partner in the ECO region is Turkey, followed by Afghanistan.

Figure 3.5 Iran Intra-ECO Trade 2010 (value)



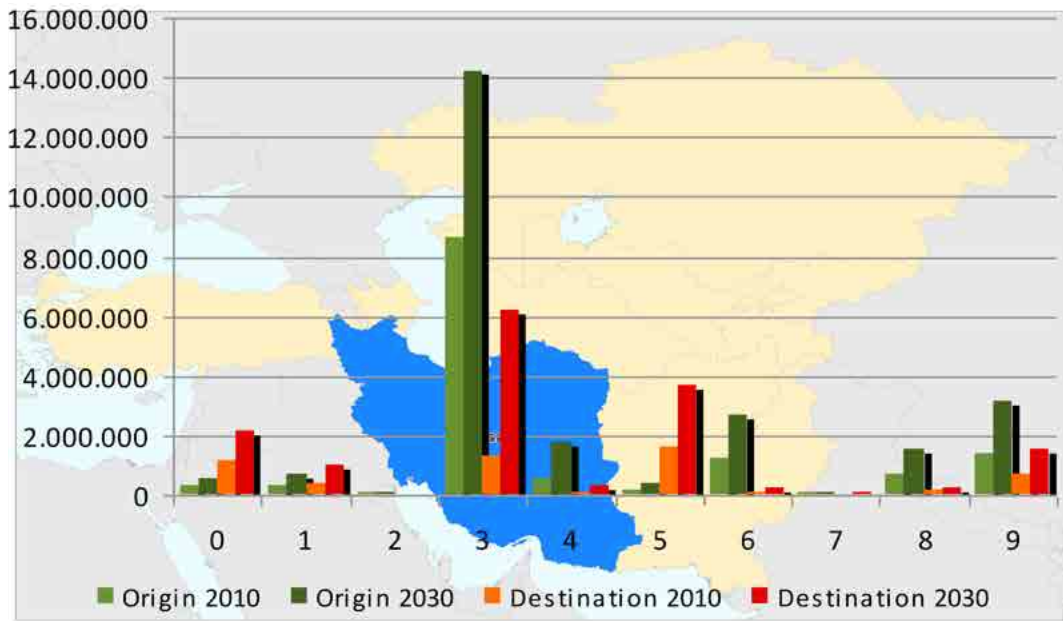
Compiled by Panteia, Business Unit NEA, based on data from ECOKSI 2011 and WTC

¹ Export of Iran to ECO countries is excluding oil and gas.



Figure 3.6 shows the intra-ECO trade volumes of Iran in 2010 and the forecast for 2030 by commodity group. Iran is an important exporting country of petroleum products for the ECO region.

Figure 3.6 Iran Intra-ECO Trade in 2010 and 2030 (in tonnes by commodity group)



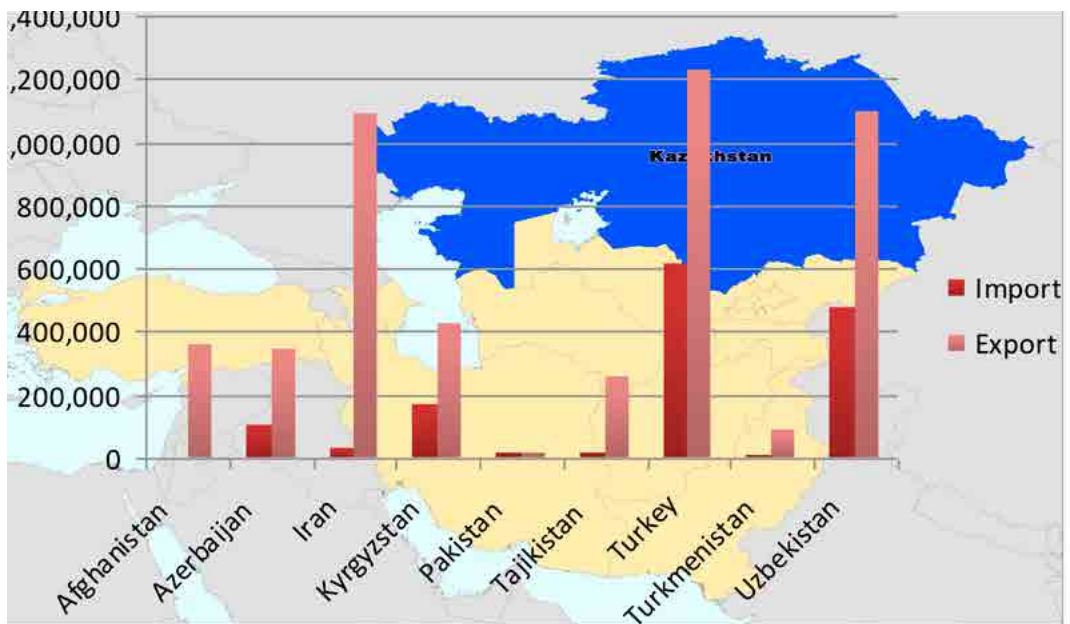
- 0 Agricultural products and live animals
- 1 Foodstuffs and animal fodder
- 2 solid mineral fuels
- 3 Petroleum products
- 4 Ores and metal waste
- 5 Metal products
- 6 Crude and manufactured minerals, building materials
- 7 Fertilizers
- 8 Chemicals
- 9 Machinery, transport equipment, manufactured articles and miscellaneous articles

Source: Panteia, Business Unit NEA

Kazakhstan

The total value of trade of Kazakhstan was 81.3 billion USD in 2010 of which 30% import and 70% export. The percentage of intra-regional trade with Member States of ECO was 7.8% of the total trade: 5.9% of the total import and 8.6% of the total export. As Figure 3.7 shows, the major trade partners in the ECO region are Turkey, Uzbekistan and Iran.

Figure 3.7 Kazakhstan Intra-ECO Trade 2010 (value)

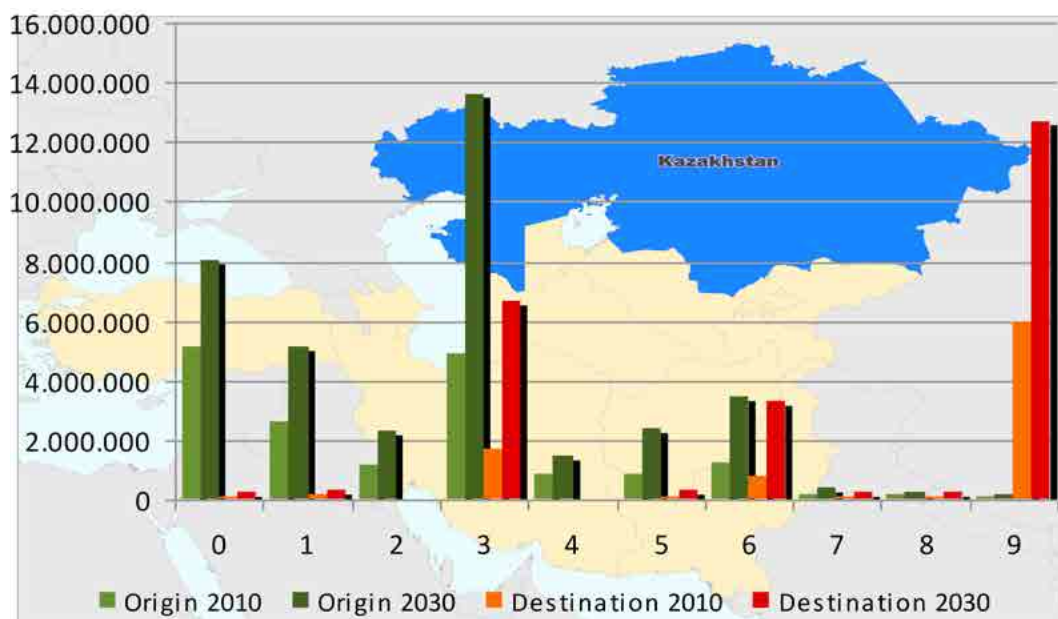


Compiled by Panteia, Business Unit NEA, based on figures from WTC



Figure 3.8 shows the intra-ECO trade volumes of Kazakhstan in 2010 and the forecast for 2030 by commodity group. Kazakhstan is large importer of commodities of group 9 – machinery, transport equipment, manufactured articles and miscellaneous articles - from ECO. It is exporting mainly agricultural products and live animals, foodstuffs and petroleum products to the ECO region.

Figure 3.8 Kazakhstan Intra-ECO Trade in 2010 and 2030 (in tonnes by commodity group)



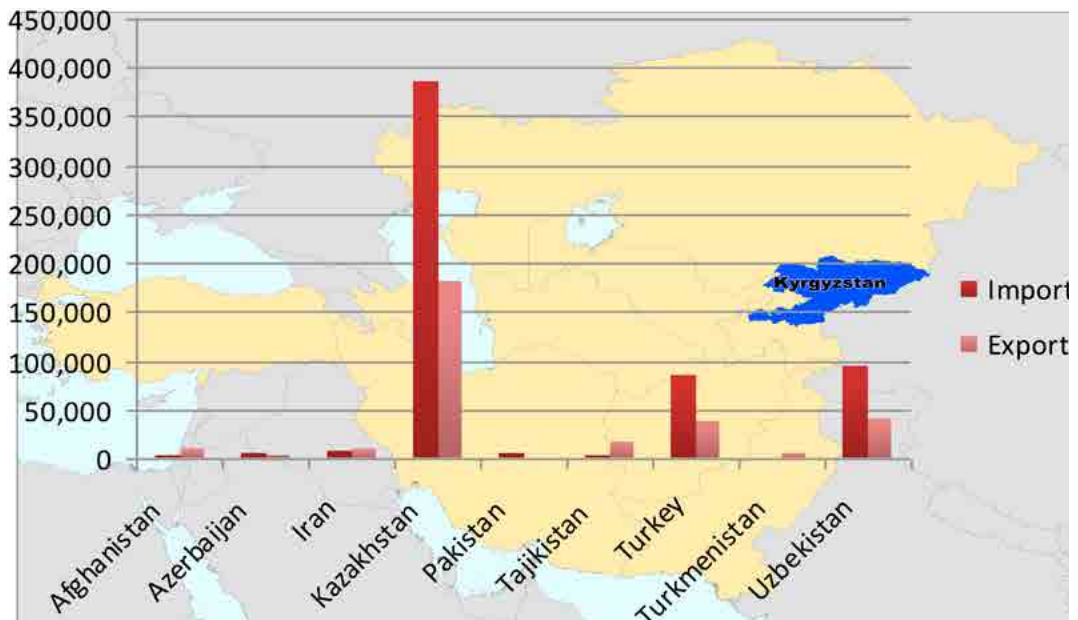
- 0 Agricultural products and live animals
- 1 Foodstuffs and animal fodder
- 2 solid mineral fuels
- 3 Petroleum products
- 4 Ores and metal waste
- 5 Metal products
- 6 Crude and manufactured minerals, building materials
- 7 Fertilizers
- 8 Chemicals
- 9 Machinery, transport equipment, manufactured articles and miscellaneous articles

Source: Panteia, Business Unit NEA

Kyrgyzstan

The total value of trade of Kyrgyzstan was 5.0 billion USD in 2010 of which 65% import and 35% export. The percentage of intra-regional trade with Member States of ECO constituted 17.8% of the total trade: 18.2% of the total import and 17.2% of the total export. As Figure 3.9 shows, the major trade partner in the ECO region is Kazakhstan with a share of 64%.

Figure 3.9 Kyrgyzstan Intra-ECO Trade 2010 (value)

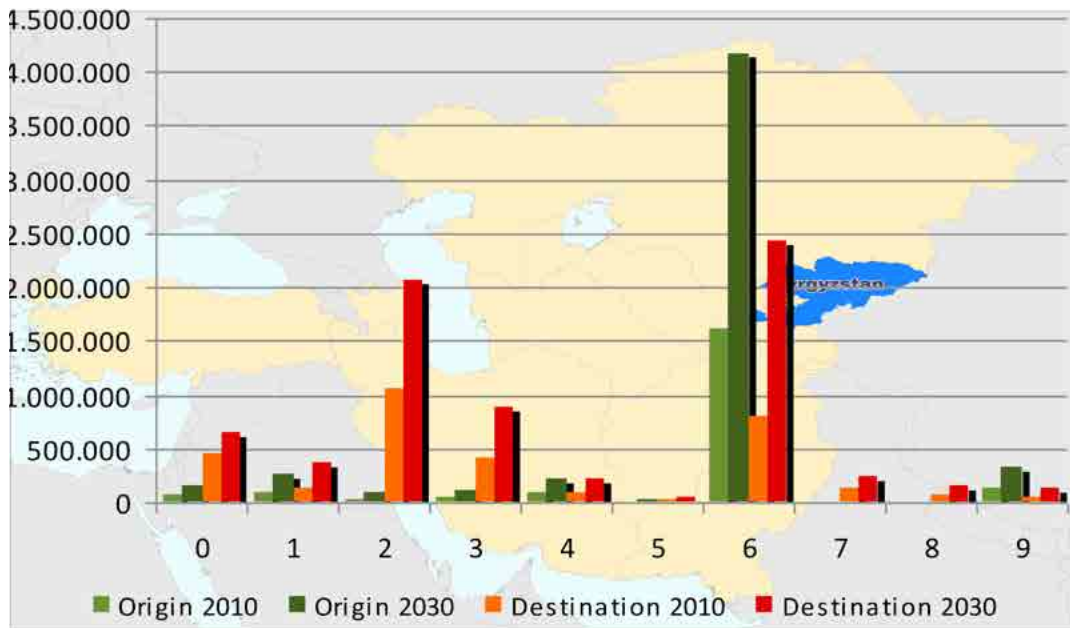


Compiled by Panteia, Business Unit NEA, based on data from ECOKSI 2011 and WTC



Figure 3.10 shows the intra-ECO trade volumes of Kyrgyzstan in 2010 and the forecast for 2030 by commodity group. The main commodities trade within the ECO region by Kyrgyzstan are those from group 6 (import of crude and export of building materials). Also the import of solid mineral fuels from other ECO Member States is significant.

Figure 3.10 Kyrgyzstan Intra-ECO Trade in 2010 and 2030 (in tonnes by commodity group)



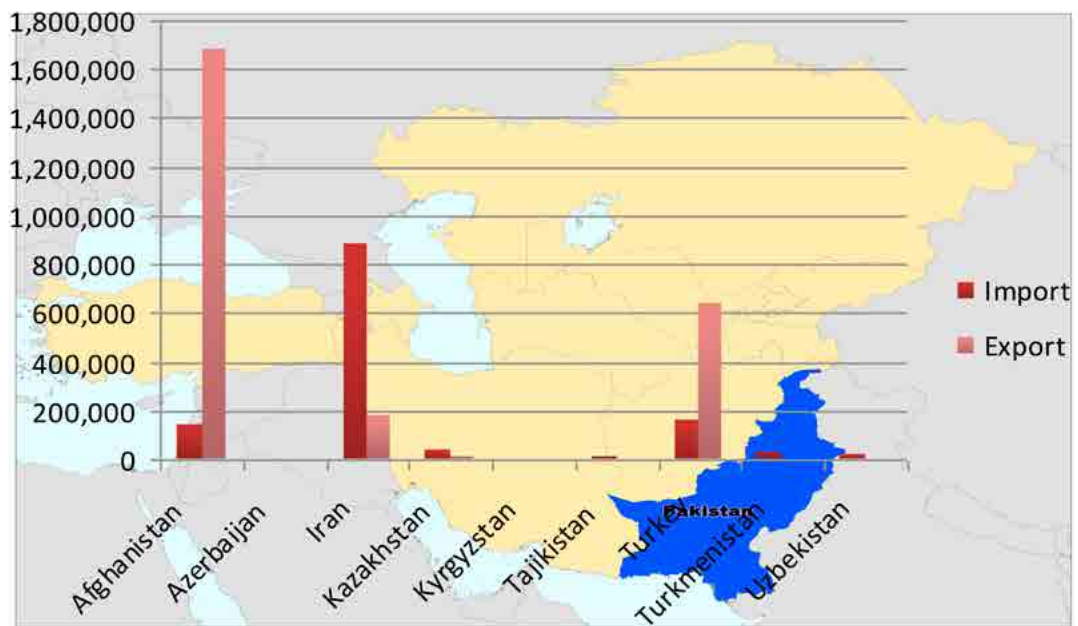
- 0 Agricultural products and live animals
- 1 Foodstuffs and animal fodder
- 2 solid mineral fuels
- 3 Petroleum products
- 4 Ores and metal waste
- 5 Metal products
- 6 Crude and manufactured minerals, building materials
- 7 Fertilizers
- 8 Chemicals
- 9 Machinery, transport equipment, manufactured articles and miscellaneous articles

Source: Panteia, Business Unit NEA

Pakistan

Pakistan's total value of trade was 54.0 billion USD in 2010 of which 64% import and 36% export. The percentage of intra-regional trade with Member States of ECO was 4.1% of the total trade: 3.8% of the total import and 4.6% of the total export. Figure 3.11 shows that the major trade partner in the ECO region is Afghanistan, followed by Iran and Turkey.

Figure 3.11 Pakistan Intra-ECO Trade 2010 (value)

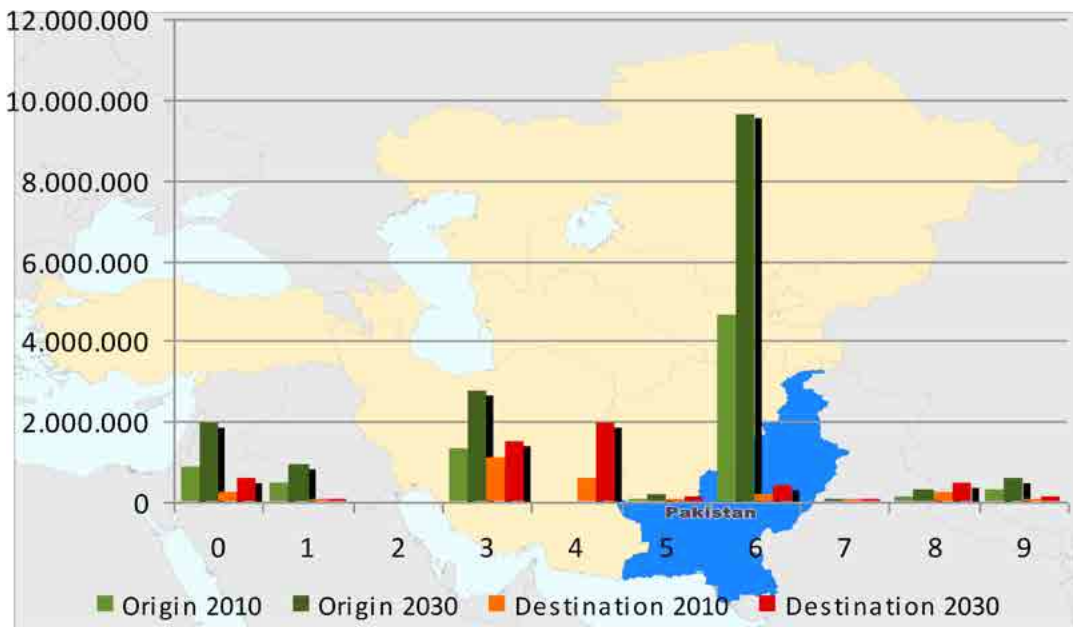


Compiled by Panteia, Business Unit NEA, based on data from ECOCSI 2011 and WTC



Figure 3.12 shows the intra-ECO trade volumes of Pakistan in 2010 and the forecast for 2030 by commodity group. The intra-ECO trade of Pakistan mainly consist of the export of commodities from group 6 – crude and manufactured minerals, building materials.

Figure 3.12 Pakistan Intra-ECO Trade in 2010 and 2030 (in tonnes by commodity group)



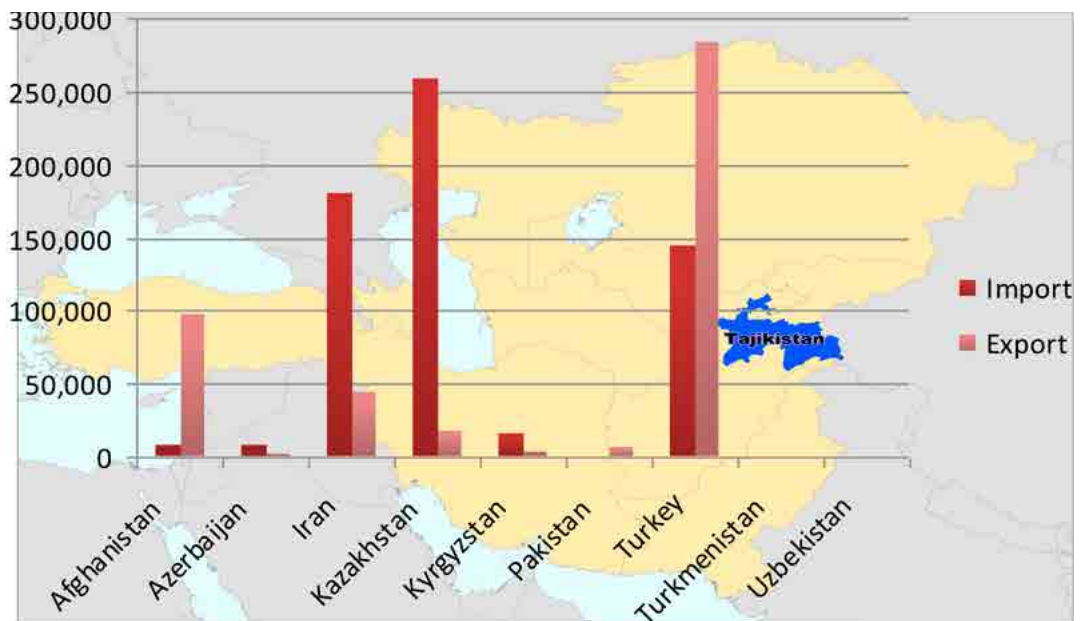
- 0 Agricultural products and live animals
- 1 Foodstuffs and animal fodder
- 2 solid mineral fuels
- 3 Petroleum products
- 4 Ores and metal waste
- 5 Metal products
- 6 Crude and manufactured minerals, building materials
- 7 Fertilizers
- 8 Chemicals
- 9 Machinery, transport equipment, manufactured articles and miscellaneous articles

Source: Panteia, Business Unit NEA

Tajikistan

The total value of trade of Tajikistan was 2.5 billion USD in 2010 of which 57% import and 43% export. The percentage of intra-regional trade with Member States of ECO constituted 50.0% of the total trade: 50.0% of the total import and 50.0% of the total export. As Figure 3.13 shows, Tajikistan has various trade partners in the ECO region: Turkey, Kazakhstan, Iran and Afghanistan. It has almost no trade relations with the other ECO countries.

Figure 3.13 Tajikistan Intra-ECO Trade 2010 (value)

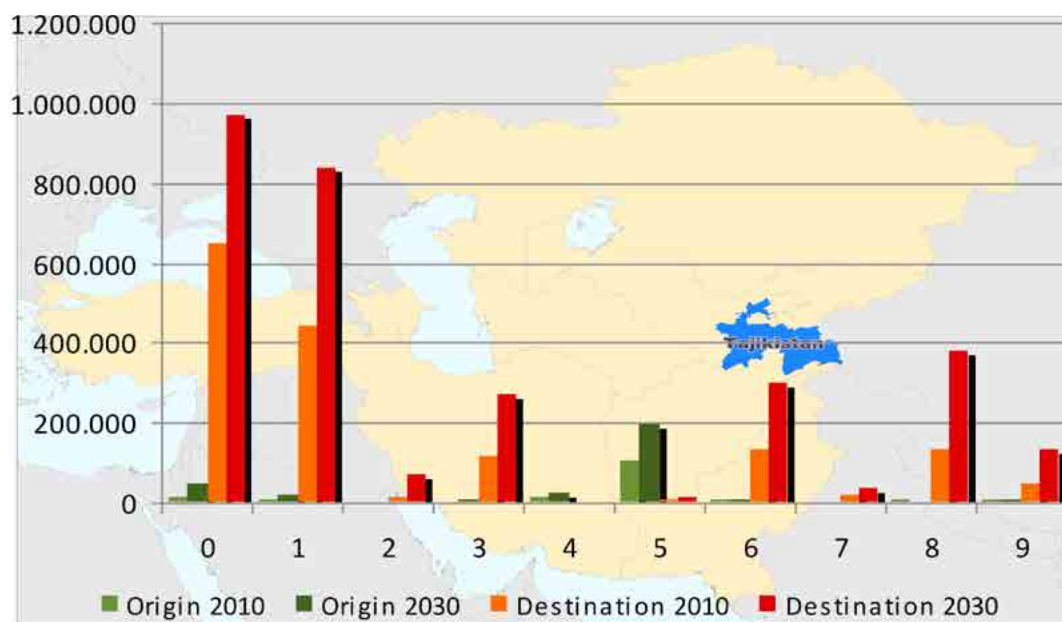


Compiled by Panteia, Business Unit NEA, based on data from ECOKSI 2011 and WTC



Figure 3.14 shows the intra-ECO trade volumes of Tajikistan in 2010 and the forecast for 2030 by commodity group. Tajikistan exports metal products to other ECO Member States. The main import commodities from other ECO Member States are those from group 0 and group 1.

Figure 3.14 Tajikistan Intra-ECO Trade in 2010 and 2030 (in tonnes by commodity group)



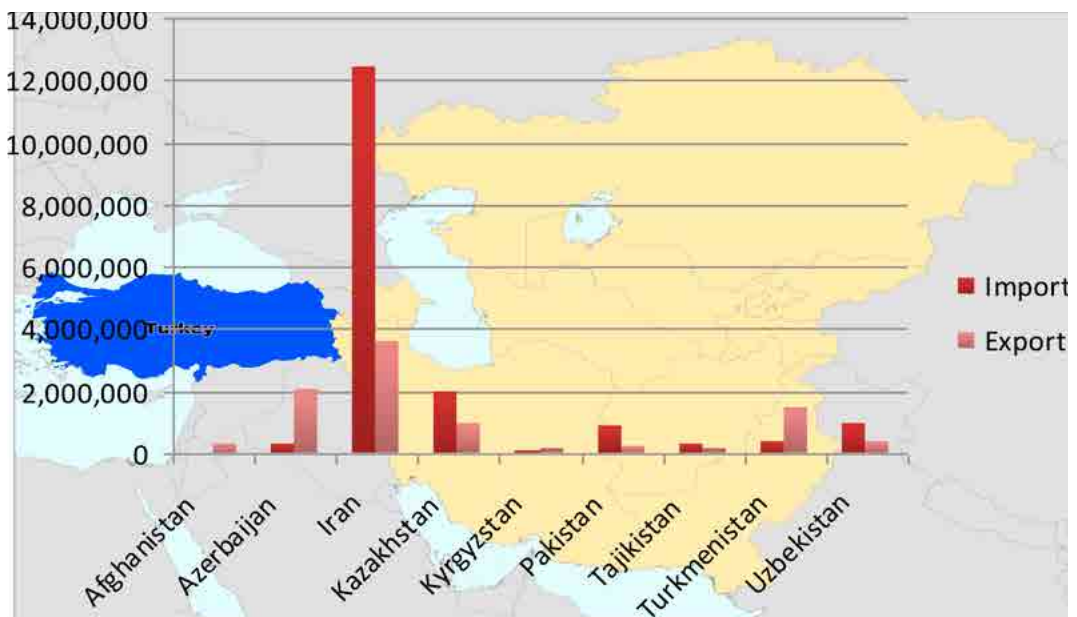
- 0 Agricultural products and live animals
- 1 Foodstuffs and animal fodder
- 2 solid mineral fuels
- 3 Petroleum products
- 4 Ores and metal waste
- 5 Metal products
- 6 Crude and manufactured minerals, building materials
- 7 Fertilizers
- 8 Chemicals
- 9 Machinery, transport equipment, manufactured articles and miscellaneous articles

Source: Panteia, Business Unit NEA

Turkey

Turkey’s total value of trade was 299.4 billion USD in 2010 of which 62% import and 38% export. The percentage of intra-regional trade with Member States of ECO was 6.4% of the total trade: 6.3% of the total import and 6.7% of the total export. Figure 3.15 shows that the major trade partner in the ECO region is Iran with a total import value of 12.5 billion USD.

Figure 3.15 Turkey Intra-ECO Trade 2010 (value)

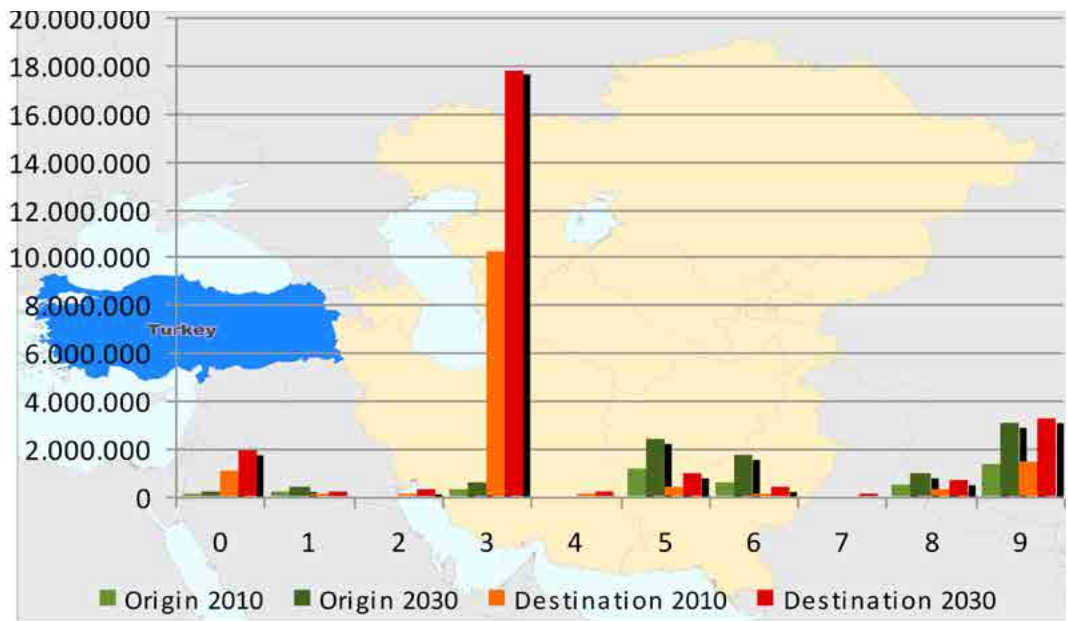


Compiled by Panteia, Business Unit NEA, based on data from ECOESI 2011 and WTC



Figure 3.16 shows the intra-ECO trade volumes of Turkey in 2010 and the forecast for 2030 by commodity group. Turkey's intra-ECO trade volumes are largely dominated by the import of petroleum products from Iran.

Figure 3.16 Turkey Intra-ECO Trade in 2010 and 2030 (in tonnes by commodity group)



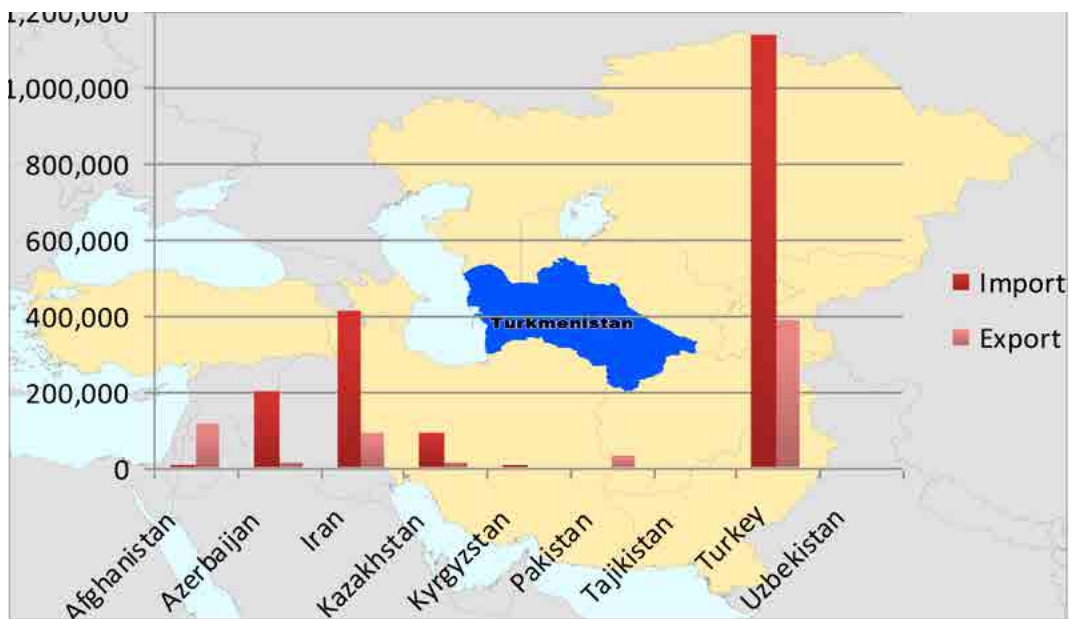
- 0 Agricultural products and live animals
- 1 Foodstuffs and animal fodder
- 2 solid mineral fuels
- 3 Petroleum products
- 4 Ores and metal waste
- 5 Metal products
- 6 Crude and manufactured minerals, building materials
- 7 Fertilizers
- 8 Chemicals
- 9 Machinery, transport equipment, manufactured articles and miscellaneous articles

Source: Panteia, Business Unit NEA

Turkmenistan

The total value of trade of Turkmenistan was 7.3 billion USD in 2010 of which 64% import and 36% export. The percentage of intra-regional trade with Member States of ECO constituted 34.3% of the total trade: 39.6% of the total import and 24.8% of the total export. As Figure 3.17 shows, the main trade partner in the ECO region is Turkey, in particular for import of commodities, followed by Iran and Azerbaijan.

Figure 3.17 Turkmenistan Intra-ECO Trade 2010 (value)

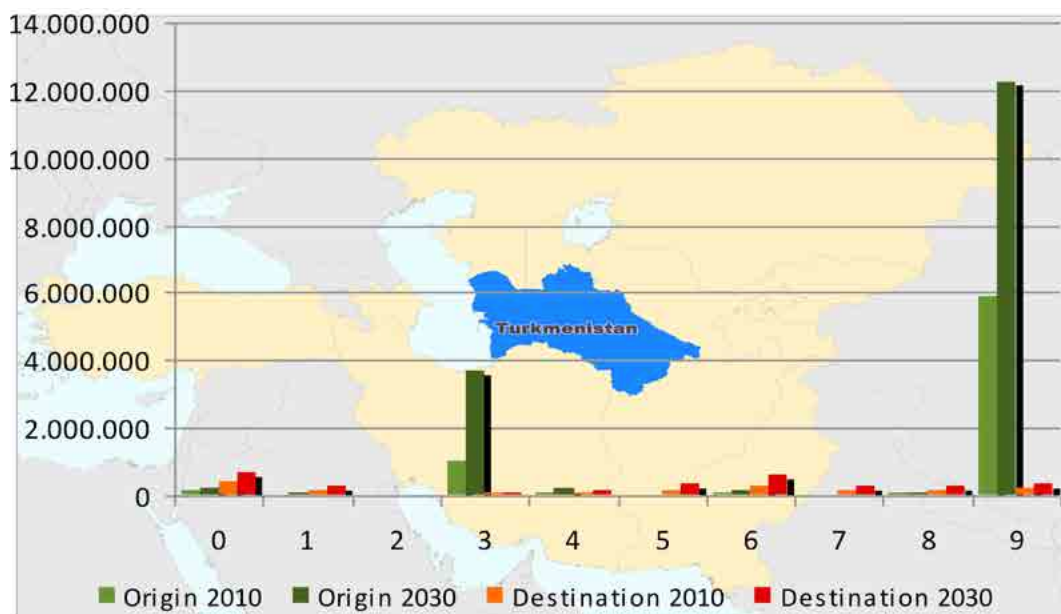


Compiled by Panteia, Business Unit NEA, based on data from ECOKSI 2011 and WTC



Figure 3.18 shows the intra-ECO trade volumes of Turkmenistan in 2010 and the forecast for 2030 by commodity group. Turkmenistan hardly imports commodities from other ECO Member States. It does, however, export a substantial volume of commodities to the ECO region: almost 6 million tonnes of commodities of group 9 and almost 1 million tonnes of commodities of group 3.

Figure 3.18 Turkmenistan Intra-ECO Trade in 2010 and 2030 (in tonnes by commodity group)



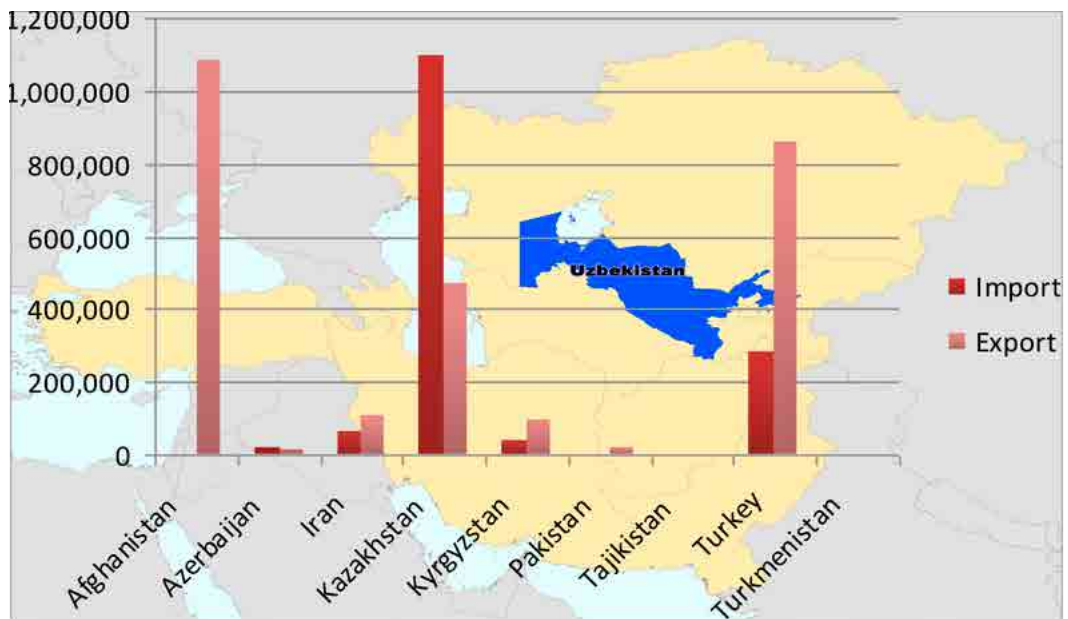
- 0 Agricultural products and live animals
- 1 Foodstuffs and animal fodder
- 2 solid mineral fuels
- 3 Petroleum products
- 4 Ores and metal waste
- 5 Metal products
- 6 Crude and manufactured minerals, building materials
- 7 Fertilizers
- 8 Chemicals
- 9 Machinery, transport equipment, manufactured articles and miscellaneous articles

Source: Panteia, Business Unit NEA

Uzbekistan

Uzbekistan’s total value of trade was 21.8 billion USD in 2010 of which 40% import and 60% export. The percentage of intra-regional trade with Member States of ECO was 22.2% of the total trade: 17.8% of the total import and 25.1% of the total export. Figure 3.19 shows that the major trade partners in the ECO region are Kazakhstan, Turkey and Afghanistan (mainly export). The trade relations with other ECO Member States are very modest.

Figure 3.19 Uzbekistan Intra-ECO Trade 2010 (value)

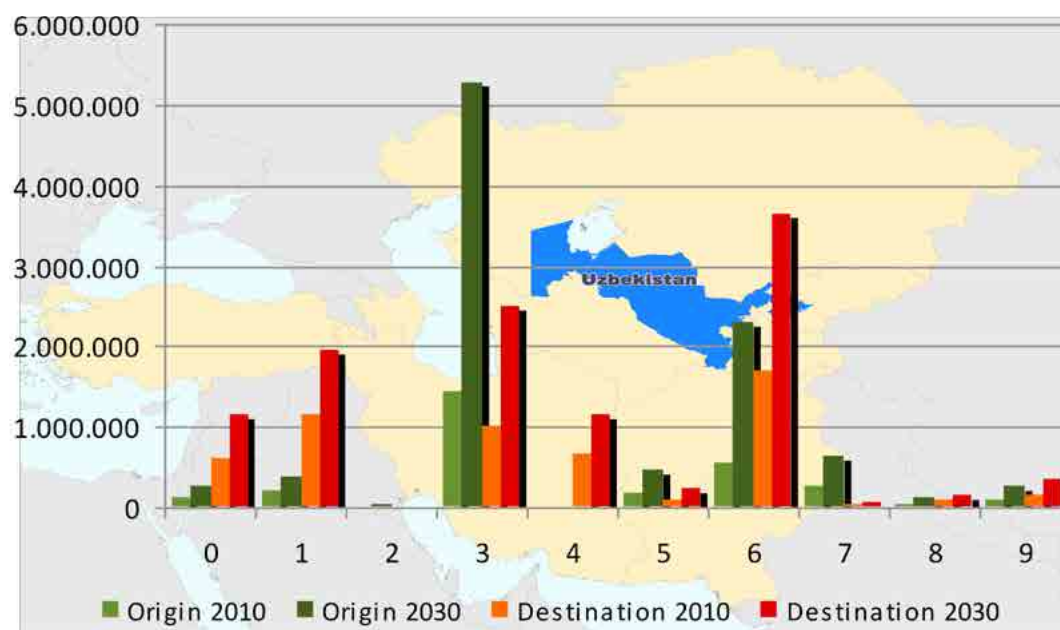


Compiled by Panteia, Business Unit NEA, based on data from ECOKSI 2011 and WTC



Figure 3.20 shows the intra-ECO trade volumes of Uzbekistan in 2010 and the forecast for 2030 by commodity group. The major commodity groups traded by Uzbekistan are mainly 3 and 6, but also 3, 0 and 4.

Figure 3.20 Uzbekistan Intra-ECO Trade in 2010 and 2030 (in tonnes by commodity group)



- 0 Agricultural products and live animals
- 1 Foodstuffs and animal fodder
- 2 solid mineral fuels
- 3 Petroleum products
- 4 Ores and metal waste
- 5 Metal products
- 6 Crude and manufactured minerals, building materials
- 7 Fertilizers
- 8 Chemicals
- 9 Machinery, transport equipment, manufactured articles and miscellaneous articles

Source: Panteia, Business Unit NEA

ANNEX 2

LOGISTICS IN ECO PERSPECTIVE

Introduction

Trade facilitation is crucial to economic development and competitiveness. The world has become increasingly interconnected and interdependent. Global and regional supply chains are becoming more and more integrated and international trade has turned into a 24-hour activity. Countries across the globe must adopt logistics systems that move products to markets in an efficient, reliable and cost-effective way. In order to remain competitive in this current environment, countries will need to reduce the cost of trading, increase export competitiveness, and pursue trade-supportive policies. Countries with better logistics performance can grow faster, become more competitive and increase their level of investment.

Measuring logistics performance can provide important tools for facilitation of transport and trade of commodities for export, import, transshipment and the domestic market. Logistics performance depends on the quality of several aspects, like transport infrastructure, transport operations, trade regulations, business regulations, customs procedures and other inspection requirements.

Improving logistics performance has become an important development policy objective of many countries. In 2007 the World Bank started with the elaboration of a Logistics Performance Index (LPI) for countries. The second LPI was published in 2010 and the third one in 2012. The LPI measures the performance along the logistics supply chain within a country. It provides an assessment of the logistics environment. The index helps countries to identify challenges and opportunities and improve their logistics performance.

The LPI provides an indicator of how a country scores on six key logistics dimensions. The LPI and its indicators provide in-depth cross-country assessment of the logistics gap in and between countries. The logistic performance is evaluated using a 5-point scale (1 for the lowest score, 5 for the highest).



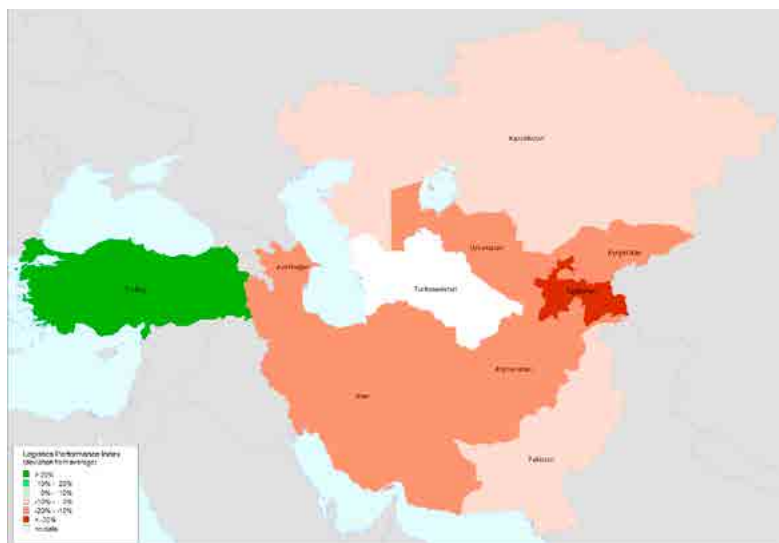
The six areas of key performance are (between brackets the average performance score for 155 countries):

- efficiency of the customs clearance process (2.66);
- quality of trade and transport related infrastructure (2.77);
- ease of arranging competitively priced international shipments (2.82);
- competence and quality of logistics services (2.82);
- ability to track and trace consignments (2.88); and
- frequency with which shipments reach the consignee within the scheduled or expected time (3.26).

Countries that top the LPI rankings in 2012 are major global transport and logistics hubs (Singapore = 4.13, Hong Kong, China = 4.12, Netherlands = 4.02) or form the basis for a strong logistics service industry (Finland 4.05, Germany 4.03). Logistics services in these countries tend to benefit from economies of scale and are often sources of innovation and technological change. Countries at the bottom are often trapped in a vicious circle of overregulation, poor quality services, and underinvestment.

Figure A.1 provides an overview of the relative score of the ECO countries, against the average score of the 155 participating countries. The average LPI is 2.87. The figure shows the relative deviation from this average as a percentage.

Figure A.1 LPI scores ECO Member States compared with average (2012)



Source: Compiled by Panteia, Business Unit NEA

Logistic performance indicators

Measuring logistics performance serves different goals: benchmarking with other countries, monitoring developments in logistics, assessing the success of implementation of policies, and so forth. This section presents maps of the detailed logistics performance indicators as mentioned before.

One should realise that the LPIs presented are relative to the average of the participating 155 countries. It does not contain a statement about the best level and what is to be achieved. It only gives a ranking on different components of logistics performance for the countries. However, it does show where countries can exchange their experiences on improving the logistics environment, developing the logistics industry and facilitating trade flows.

Customs performance

The customs performance shows the efficiency and effectiveness of the clearance process and the border procedures. Figure A.2 shows the customs performance as a deviation from the average performance. Turkey scores best with +19% above average of the 155 countries. Also the score for Pakistan is 7% above the average. All other ECO countries are below the average. Some of the recommendations are to simplify custom laws and regulations and other inspection regimes, to introduce of national single windows, and to promote the harmonisation of border procedures.

Figure A.2 Relative LPI scores ‘Customs Performance’ ECO Member States (2012)



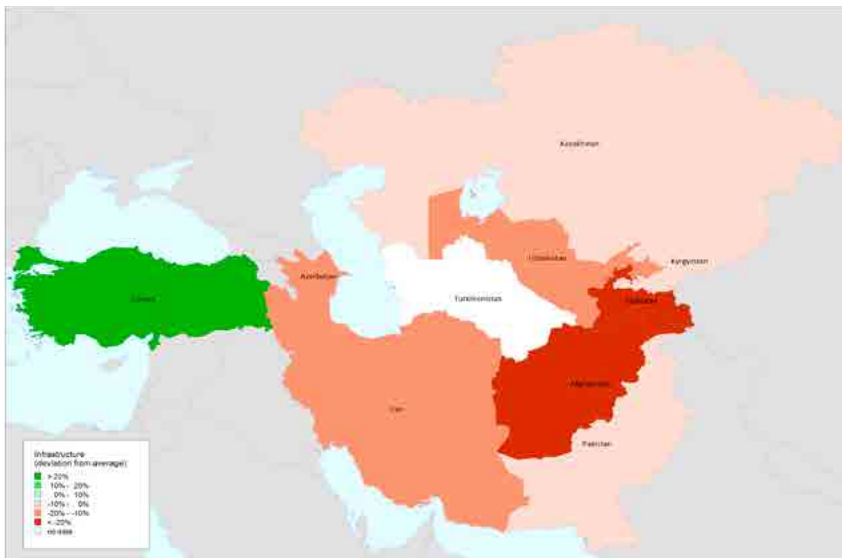
Source: Compiled by Panteia, Business Unit NEA



Infrastructure performance

The infrastructure performance evaluates the quality of the infrastructure in use for logistic operations, telecommunication infrastructure and services, and fixed transport infrastructure. Figure A.2 shows the Relative LPI scores Infrastructure Performance' in the ECO Member States (2012).

Figure A.3 Relative LPI scores 'Infrastructure' ECO Member States (2012)



Source: Compiled by Panteia, Business Unit NEA

International shipment performance

The performance of international shipment comprises the ease of arranging competitively priced international shipments. For traders at the origin or destination of the supply chain what matters most, is the quality and reliability of logistics services, measured by the predictability of the clearance process and timely delivery of shipment to destination. Country specific questions which were raised were:

- Are import shipments cleared and delivered as scheduled?
- Are export shipments cleared and delivered as scheduled?
- Major delays due to pre-shipment inspection.

Figure A.4 Relative LPI scores 'International Shipment' ECO Member States (2012)

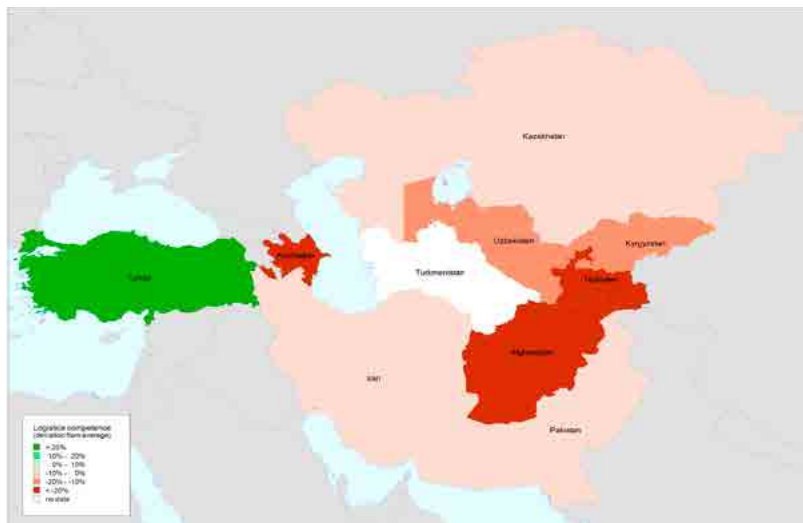


Source: Compiled by Panteia, Business Unit NEA

Logistics competence performance

Figure A.5 presents the performance of the competence in the local logistics industry (freight forwarders, transport operators, customs brokers, etc).

Figure A.5 Relative LPI scores 'Logistics Competence' ECO Member States (2012)



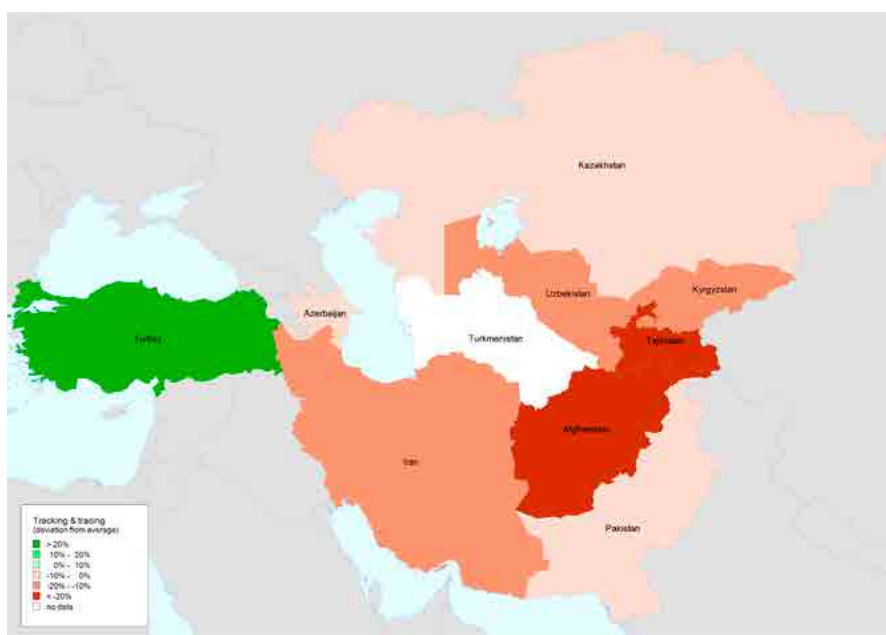
Source: Compiled by Panteia, Business Unit NEA



Tracking and tracing performance

Figure A.6 presents the 'Tracking and Tracing Performance' in the ECO region in 2012. This performance concerns the ability to track and trace shipments.

Figure A.6 Relative LPI scores 'Tracking and Tracing' ECO Member States (2012)

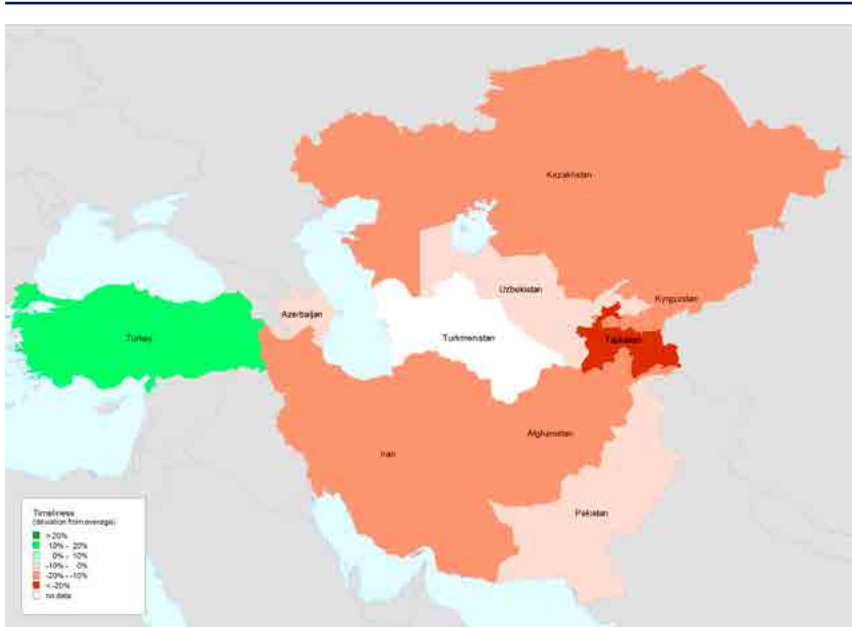


Source: Compiled by Panteia, Business Unit NEA

Timeliness performance

This performance indicator shows the timeliness of shipments; the frequency with which shipments reach the consignee within the scheduled or expected time. Figure A.7 presents the status of the ECO member states with regard to this indicator in 2012.

Figure A.7 Relative LPI scores Timeliness ECO Member States (2012)



Source: Compiled by Panteia, Business Unit NEA

Conclusion

By providing a comprehensive assessment of the gaps in the logistics performance, the LPI survey can help policymakers, private stakeholders and international organisations to quantify the constraints countries face in connecting globally.

The development of the logistics sector goes hand in hand with the development of trade and transport. First the commodities/sectors to be developed need to be identified and consequently the right level of investment in the logistics sector needs to be established.

Based on the maps, it can be observed that Turkey scores the best in terms of the LPIs. This expresses the opinion of stakeholders who have been consulted for determining the LPI. This forms a beginning for a more thorough investigation into the performance of the logistics sector.



ANNEX 3

LEGAL FRAMEWORK FOR ROAD TRANSPORT FACILITATION IN THE ECO REGION

This chapter presents the legal framework for road transport facilitation in the ECO Region. One of most important legal agreements for international road transport facilitation in the ECO region is the Transit Transport Framework Agreement, which was signed on May 9th, 1998.

The main purposes and objectives of the Transit Transport Framework Agreement are as follows:

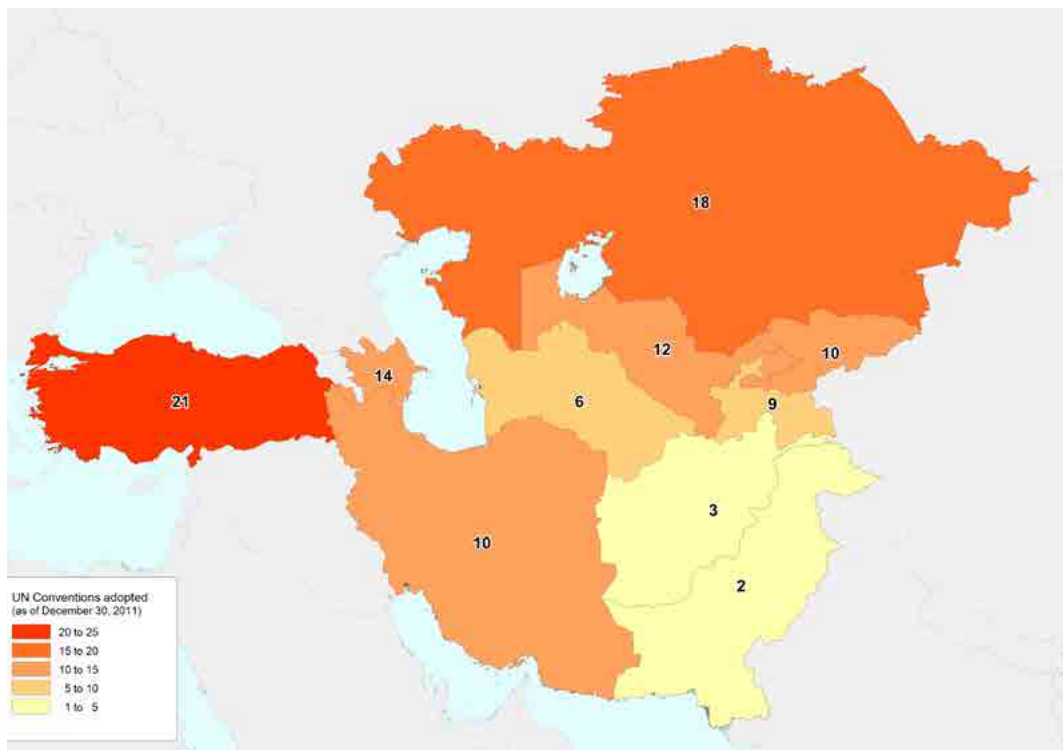
1. to facilitate the movement of goods, luggage and passengers through the respective territories of the Contracting Parties and provide all necessary facilities for transit transport under the provisions of this Agreement;
2. to ensure the safety of goods, luggage and passengers and avoidance of unnecessary delays during the transit traffic through territories of Contracting Parties.
3. to cooperate and coordinate the efforts of the Contracting Parties to avoid the incidence of customs frauds and tax evasion and harmonising necessary administrative affairs dealing with transit traffic.

The Transit Transport Framework Agreement has eight annexes: 1) on transit routes; 2) on the minimum technical characteristics of roads for transit traffic; 3) on the minimum technical characteristics of railway transport for transit traffic; 4) on technical requirements of road vehicles such as axle loads; 5) on motor vehicle third party insurance; 6) on the rules of carriage by road transport; for carriage of cargo the CMR Convention should apply; 7) on Customs control; 8) on the establishing of a Transit Transport Coordination Council (TTCC); TTCC shall be composed of the Chairmen of national inter-ministerial committees for border-crossing facilitation and promotion of international transport or high-level representatives of the Contracting Parties dealing with Transit Transport matters.



The Transit Transport Framework Agreement contributes to international road transport facilitation if implemented and enforced properly. There lays the real challenge. Figure 4.1 presents the number of road transport related UN conventions adopted by the ECO Member States. It shows that there is still room for improvement. From the 57 Conventions Turkey has adopted 21, followed by Kazakhstan with 18. Afghanistan and Pakistan have adopted only 3 and 2 of those Conventions, respectively.

Figure 4.1 Number of UN Road Transport Related Conventions adopted by Member states of the ECO Region (as of December 30, 2011)



Source: Panteia, Business Unit NEA

Table 4.1 List of UN Conventions related to road transport adopted by ECO

Area	No.	Convention	AF	AZ	IR	KZ	KG	PK	TJ	TR	TM	UZ	
Transport Infrastructures	01	Declaration on the Construction of Main International Traffic Arteries, of 16 September 1950											1
	02	European Agreement on Main International Traffic Arteries (AGR), of 15 November 1975											3
	03	European Agreement on Main International Railway Lines (AGC), of 31 May 1985											1
	04	European Agreement on Important International Combined Transport Lines and Related Installations (AGTC), of 1 February 1991											2
Road Traffic and Road Signs and Signals	07	Convention on Road Traffic, of 19 September 1949 (including Final Act and related documents)											2
	08	Convention on Road Traffic, of 8 November 1968 (2006 consolidated version)											8
	09	Protocol on Road Signs and Signals, of 19 September 1949											1
	10	Convention on Road Signs and Signals, of 8 November 1968 (2006 consolidated version)											7
	11	European Agreement supplementing											1



Area	No.	Convention	AF	AZ	IR	KZ	KG	PK	TJ	TR	TM	UZ	
		the 1968 Convention on Road Traffic, of 1 May 1971 (2006 consolidated version)											
	12	European Agreement supplementing the Convention on Road Signs and Signals (1968), of 1 May 1971											2
	15	European Agreement on Road Markings, of 13 December 1957											1
	16	Protocol on Road Markings, Additional to the European Agreement supplementing the Convention on Road Signs and Signals, of 1 March 1973											2
	18	Agreement concerning the Adoption of Uniform Technical Prescriptions for Wheeled Vehicles, Equipment and Parts which can be fitted and /or be used on Wheeled Vehicles and the Conditions for Reciprocal Recognition of Approvals Granted on the Basis of these Prescriptions, of 20 March 1958											3
	19	Agreement concerning the Adoption of Uniform Conditions for Periodical Technical Inspections of Wheeled Vehicles and the Reciprocal Recognition of											1

Area	No.	Convention	AF	AZ	IR	KZ	KG	PK	TJ	TR	TM	UZ	
		Such Inspections, of 13 November 1997											
	20	Agreement concerning the Establishing of Global Technical Regulations for Wheeled Vehicles, Equipment and Parts which can be fitted and / or be used on Wheeled Vehicles, of 25 June 1998											4
Other Legal Instruments related to Road Transport	21	European Agreement concerning the Work of Crews of Vehicles engaged in International Road Transport (AETR), of 1 July 1970 (Consolidated text dated 20 Sep 2010)											6
	24	Convention on the Taxation of Road Vehicles engaged in International Goods Transport, of 14 December 1956											1
	25	Convention on the Contract for the International Carriage of Goods by Road (CMR), of 19 May 1956											8
	26	Protocol to the Convention on the Contract for the International Carriage of Goods by Road (CMR), of 5 July 1978											5
Inland Water Transport	31	Convention relating to the Unification of Certain Rules concerning Collisions in Inland Navigation, of 15 March 1960											1



Area	No.	Convention	AF	AZ	IR	KZ	KG	PK	TJ	TR	TM	UZ	
Border Crossing Facilitation	38	Convention concerning Customs Facilities for Touring, signed in New York on 4 June 1954											2
	39	Additional Protocol to the Convention concerning Customs Facilities for Touring, relating to the importation of tourist publicity documents and material, signed in New York on 4 June 1954											2
	40	Customs Convention on the Temporary Importation of Private Road Vehicles, signed in New York on 4 June 1954											2
	41	Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention), of 15 Jan 1959											3
	42	Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention), of 14 Nov 1975											9
	44	Customs Convention on the Temporary Importation of Commercial Road Vehicles, of 18 May 1956											5
	49	Customs Convention on Containers, of 2 December 1972											5

Area	No.	Convention	AF	AZ	IR	KZ	KG	PK	TJ	TR	TM	UZ	
Border Crossing Facilitation	50	European Convention on Customs Treatment of Pallets Used in International Transport, of 9 Dec 1960											1
	51	International Convention on the Harmonisation of Frontier Controls of Goods, 21 Oct 1982											7
	52	Convention on Customs Treatment of Pool Containers Used in International Transport, 21 Jan 1994											1
Transport of Dangerous Goods	53	European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR), of 30 Sep 1957											4
Transport of Perishable Foodstuffs	57	Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention), of 14 Nov 1975											4
Total			3	14	10	18	10	2	9	21	6	12	105

AF: Afghanistan
 AZ: Azerbaijan
 IR: Iran
 KA: Kazakhstan
 KY: Kyrgyzstan

PA: Pakistan
 TA: Tajikistan
 TK: Turkey
 TM: Turkmenistan
 UZ: Uzbekistan

