

## **Non-physical obstacles and security risks to transit transport along the selected Euro-Asian Transport Linkages**

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### **The IRU**

The International Road Transport Union (IRU), which I am honoured to represent here today, is a non-governmental and non-profit organization, founded in Geneva in 1948.

The IRU represents the road transport industry worldwide (carrying goods, passengers by road) and has a consultative status with the United Nations.

Our slogan “working together for a better future” is not just a simple statement. Through its many years of experience, IRU has always been a reliable partner in transport policy matters and source of information, intelligence and expertise available to business circles and even the public at large.

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The IRU has its Permanent Delegations in Brussels to the EU, in Moscow to the CIS and in Istanbul to the Middle East and Region.

Throughout more than 55 years of its active presence in the international transport arena, the IRU has been in the forefront as a business dialogue partner and road transport sector representative expressing industry views and contributing to fixing the “rules of the game” like the important elements of international road transport legislation.

In carrying out its such functions, the IRU heavily depends on the information and experiences among its membership and the numerous experts throughout the globe, which work for its members. Membership solidarity and commitment in a common future for all constitute the fundamental strength of the IRU at all times.

### **Globalisation**

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Globalisation is a phenomenon that dominates every sphere of our lives in the society. It is sophisticated in evolving but the main engine always seem to be the same: the consumers.

The example of a simple cup of coffee perfectly fits with this fact. How much would the consumers be ready to pay for a simple cup of coffee? 1 Euro or 2 Euros?

At such low prices, the coffee but is served to you with intervention of as many as 29 companies from 18 countries all over the world.

Globalisation is also a part of the production process in modern times. To build a single VOLVO car in Sweden today, there is the involvement of more than 10,000 suppliers all over the world.

80 % of what DuPont transports today is from DuPont to DuPont, i.e. for production purposes.

All of these put very clearly forward that penalizing transport means penalizing production.

### **Need for Euro-Asian Transport Linkages**

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According to recent research and studies, nearly 75 % of what is consumed in the USA are goods made in China.

About 8 out 10 items sold in the giant WalMart chain also comes from China.

Today, the traffic of such big volume of goods tries to flow from the Chinese ports to West Coast of the USA. A big portion of these goods still need to be transported through land to the big eastern markets in this country against an average cost of \$ 4.000 per container plus the time.

With well running Euro-Asian Transport Linkages, according to the ECMT (CEMT/CM(2005)1), the transport of goods takes much shorter between 9 to 20 days depending on the mode and existing infrastructure. It is the IRU's estimation, too, that the industry is capable of hauling goods between two edges of the Europe and Asia in two weeks time. This is much shorter than the existing shipping routes, which require as long as 56 days.

This highlights well that saturated ports in East China and West Coast of the USA can be assisted by means of the capacity that can be moved through the Euro-Asian Transport Linkages and Western Europe to the East Coast of the USA. In this regard, the routes over the CIS or the EU or the Black Sea or the Middle East could be functional by the level of developed infrastructure and the willingness of countries to simplify and harmonize their procedures for the transit traffic.

### **Impact of Barriers for Transport Operators and Society**

By its very nature, road transport and, in particular, international road transport can also be seen as a litmus test for trade barriers. Road transport operators are indeed those who physically face such barriers every day. This is why the issue of pulling down barriers in trade and transport has always been on the agenda both of road transport operators themselves and of their representative organisations.

In 1998, the IRU commissioned a study on the five main barriers plaguing road transport operators in 5 selected Western and Eastern European countries<sup>1</sup>. Although not all barriers were included in this impact assessment, the results were appalling:

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<sup>1</sup> Hague Consultancy study on the economic costs of barriers to road transport, IRU, 1998. The countries covered were CZ, F, I, PL, UK. The main barriers studied were: traffic congestion, border delays, traffic bans, strikes and blockades, and speed restrictions.

- the estimated direct transport costs arising from these five main barriers for freight and coach operators from the five countries amounted to some **USD 8 billion** per year;
- with the estimated additional costs arising from further lost business opportunities of producers, traders and tour operators, the figure amounted to some **USD 16 billion**.

These figures are certainly commensurate with the amounts devoted to technical and humanitarian assistance dispensed by the EU at world level. Both are easily comparable with the money made available by the EU Phare and Tacis programmes to CEECs in more than ten years of existence. Certainly, the overall negative impact of all barriers and the associated externalities in terms of additional national and global social costs exceeds these figures by far.

### **Need for Common/Compatible Legal Basis, Harmonisation of Procedures and Use of Best Practices**

After having said all these, it is important to note that the divergent procedures in performing controls, in particular at borders, are a major source of inefficiencies and costs for both operators and society. These concern controls regarding drivers, passengers, vehicles, the transport operation itself and the goods travelling under the cover of a TIR carnet, and under the Common / Community Transit Procedure. The problem is recurrent both in Western and Central Europe, but it is much more acute in other regions and, inevitably, at a wider regional and trans-regional/continental scale.

However, there is a wide range of international instruments (particularly by the UNECE as well as ESCAP and ECLA), model bilateral agreements, recommendations (resolutions, positions, corridor arrangements, Phare-TACIS-TRACECA studies) and best practices (joint facilities, joint control, etc. including the recent introduction of Romanian green lane for TIR practice), which can serve to elaborate a list of recommended basic legal instruments to be adhered to and strictly implemented by individual countries or regional groups of countries, as well as standardised model documents (e.g. weight certificates – for which UNECE undertaking efforts with support of the SECI and BSEC as well as the CIS recently) and codes of best practices, including qualitative and quantitative benchmarks, to be followed by authorities operating at borders.

One of the first problems arising in this field is the lack of knowledge of existing instruments and how to accede to them, as well as of actual administrative experience/knowledge of efficient procedures and everyday practices. However, such know-how and experience are widely available in advanced economies. Know-how transmission chains should be further enhanced.

At this very point, it is necessary to emphasize that, whenever the border crossing barriers are concerned, the IRU, is strongly in favour of promoting the harmonisation, simplification and acceleration of border-crossing procedures, including the introduction of standard facilitation documents, like e.g. an international technical inspection certificate and a single weight control certificate. In addition, the IRU recommends the development of cooperation between national control services on either side of borders, introducing “one-stop” technology, benchmarking and extensive use of risk analysis techniques. It is also vital to improve the training of border personnel and transport operators regarding the use of transport and customs documentation, e.g. TIR carnets and other documents subject to border control.

On the other hand, while the industry has advocated simplification, harmonisation, issuance fee reduction and facilitation of procedures for issuing visas for professional drivers remain chaotic and cumbersome in numerous countries as demonstrated by IRU surveys.

In this regard, the IRU holds the opinion that visas should not be used as a trade or transport market regulators. The industry appeals for the general introduction of annual multiple-entry visa, where visas are applicable. The IRU would like to see the official recognition of the special status of professional drivers (probably within the framework of a new international legal instrument regarding frequently travelling professionals).

### **Performance/Progress Monitoring in the Markets and at the Border Crossing Points**

For setting the priorities rightly and bringing useful and accurate proposals with a view to gradual liquidation of barriers to the international road transport along the major transport linkages, a well established methodology of quantitative and qualitative estimation of the situation is an important requirement.

For instance, under a special effort devoted to the CIS region, the IRU worked together with the associations' experts to identify, out of all the multitude of the typical barriers, 15 the most significant barriers, traditionally grouped into trans-border, technical and fiscal barriers that have an impact on the road transport industry in 2000. The outcome of this study was published under the title "Barriers to the international road transport in the CIS member states".

At the second stage of the study, the associations' experts made estimations of these barriers priority influence on national transport operators carrying out international road haulage on the territories of other CIS member states. Because the experts overwhelmingly has not presented estimations on Moldova and Turkmenistan (as for Moldova, this was because this country was not a major transit territory for the rest of the CIS countries), these countries had to be excluded from the subsequent stages of expert estimations processing.

After analysis of the given data has been carried out for revealing and elimination of inexactness committed by the experts and inter-connected, a generalized indices of closeness / openness of the market have been calculated.

The first preliminary results allowed to reveal hierarchy of barriers by the CIS countries, where, for instance:

The barrier "long terms of granting authorizations and licenses by the state bodies" is characteristic particularly for the Russian Federation, "long time for official registration of papers at border crossing" for Tajikistan, "big number of documents needed for border crossing" for Armenia, "forced paid convoy for a cargo" for Kyrgyzstan and Tajikistan, etc.

On the other hand, the IRU established an electronic and web based Border Waiting Times Observatory in cooperation with its member associations, recently. This network is provided updated daily data about major border crossing points in Europe and is expanding eastward with each association that is ready to provide data to the system about new border crossing points.

The system allows the IRU and the transport operators to monitor where there is congestion and the comparative historical analysis of such data allows the industry as a whole to identify the priority areas where additional action is needed to achieve progress.

## **Security**

In the aftermath of 11 September 2001, much attention has been focused on improving security in transport and logistics. Initial measures focused on air and maritime transport, attention is now turning to the whole logistic and supply chain, which covers all modes of transport, including the road mode.

The IRU position is fully consistent with the EU Economic and Social Committee that if security procedures become too stringent the business of transporting goods could grind almost to a halt, which would give terrorism the success it was seeking. Therefore, the new security measures should be balanced in relation to the objectives they pursue, their costs and impact on traffic.

It should be borne in mind that zero risk does not exist and total security can never be guaranteed. But the goodwill and active participation of the road transport sector are certainly essential to the success of any measures designed to improve security.

Existing security/facilitation instruments offering both security and facilitation benefits should be used to the maximum, such as the UN's TIR or the EU's Common/Community Transit systems.

Fraud in customs transit systems and people smuggling (illegal immigration) must be fought by authorities acting in a determined manner to identify the person(s) directly liable for the crime.

Security policies must be based on reliable intelligence, information and understanding of international crime and terrorism as well as security-related risks.

In this regard, "self-security" measures introduced by the haulage industry should widely be promoted and used. In order to tackle these, the IRU has elaborated voluntary security guidelines for: Transport Managers, Drivers, Shippers, Operators carrying dangerous goods and Operators involved in Customs-related activities. Although mainly inspired by concerns related to terrorist-related threats, these IRU voluntary guidelines represent an original combination of pragmatic guidelines addressing both terrorist-related and conventional (theft of cargo and vehicles, attacks on drivers, etc.) security.

## **Key to Future**

The IRU holds the position that for the UNECE and UNESCAP countries and for achievement of highly performing Euro-Asian Transport Linkages, the priority should go to expansion and implementation of all major UN conventions and agreements on transport.

As an important and pragmatic tool for concrete action towards lessening if not eliminating the barriers before the transport along the Euro-Asian Transport Linkages, a systematic and methodical monitoring of the border waiting times and priority impediments at the border crossing points is very crucial and necessary.

In conclusion, please let me recall our slogan and express the readiness of the IRU to support your endeavours and share our information and experiences for the success of your goals, which are fully shared by ourselves, too: "Working together for a better future".

Thank you for your attention.