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**HARMONIZATION OF REQUIREMENTS CONCERNING INTERNATIONAL
ROAD TRANSPORT AND FACILITATION OF ITS OPERATION**

**Non-physical barriers to transport development
in Central Asia and the Caucasus**

Transmitted by the International Road Federation (IRF)

I. INTRODUCTION

1. The following report on "Non-physical barriers to transport development" mainly covers the Central Asian Region and the Caucasus and has been prepared by the International Road Federation (IRF). The IRF herewith responds to the call by Finland and Germany on international organizations to address problems of border crossing through specific measures, as the Chairman of SC.1 pointed out during the Working Party's ninety-first session in October 1997 (TRANS/SC.1/361, para. 29).

2. The IRF understands it is necessary to take an even more comprehensive view, not only addressing the important issue of problems of border crossing, but all kinds of non-physical barriers, such as high transit costs, different and changing transport laws and transit regulations, etc.

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3. The IRF, a leading global NGO active in promoting road infrastructure development, with some 600 members world-wide from both the public and private sector, is devising an extensive programme of activities in Central Asia (centred on the rehabilitation of the traditional Silk Road). This programme covers transit development as well, since it does not make sense to promote road infrastructure in an isolated way.

4. The following report was presented at the first International IRF Silk Road Conference (15-17 April 1998 in Ashgabat, Turkmenistan). It is meant to represent the views of the road transporters and forwarders who utilize the road infrastructure each day. The author is a consultant working for an IRF member company (Scott Wilson Kirkpatrick). He bases his evaluation on observations made whilst travelling on all important routes throughout the region, visiting over 60 internal and external border facilities and on discussions with drivers, transport companies, customs and border guards, as well as governmental organizations. This paper also includes recommendations for action to improve the transit situation in Central Asia and the Caucasus.

II. MAIN ROUTES IN CENTRAL ASIA AND THEIR NON-PHYSICAL BARRIERS

5. Transporters use four major routes to serve the Central Asian Region.

- (1) The Northern Route through the Russian Federation This is mainly used for Kazakhstan, Kyrgyzstan and parts of Uzbekistan by European, Russian and Belarussian transport organizations with some national companies, particularly Kazakh;
- (2) The Southern Route through Iran. This is mainly used for Turkmenstan, Uzbekistan, Kyrgyzstan and southern Kazakhstan and is dominated by Iranian and Turkish transport organizations with few national carriers;
- (3) The Central Route through the Caucasus and across the Caspian Sea to Central Asia - the TRACECA route. This is mainly used by Turkish transporters in the Caucasus but little is crossing the Caspian Sea at present for on-carriage to Central Asia;
- (4) The North South Route up the eastern side of the Caspian Sea This is mainly used by Azeri and Russian drivers as an alternative to the route up the west side of the Caspian Sea which they consider unsafe.

6. Unfortunately, each of the main corridors has its specific non-physical barriers:

Northern Route:

- Major delays at the Brest border between Poland and Belarus with up to four days waiting in each direction and the risk of delays at the Kazakh-Russian frontier;

- Slow border procedures and the requirement to present complete sets of documentation at every crossing. This includes traffic travelling under TIR Carnets which also have their seals broken at the borders;
- New regulations are being developed in the Russian Federation on a regular basis which also leads to delays;
- High transit costs, especially for foreign transporters and the imposition of convoy charges with local interpretations of the schemes. The problems result in traffic being transshipped or trailers being swapped in Poland to use cheaper CIS carriers;
- Shortage of funds from central Government results in Oblasts creating new transit regulations to obtain income from passing traffic;
- Major problems regarding use of TIR with false documentation and resulting difficulties in obtaining insurance cover.

Southern Route:

- Transit though Iran is seen as an expensive route due to high transit costs to and from Turkey and difficult conditions;
- Delays at the Turkish and Iranian borders due to lack of a 24 hour service;
- Restrictions on goods transiting through Iran such as alcohol and US technology equipment;
- Turkish transporters cannot use Eastern border crossings, such as Sarakhs;
- Many European companies transship their cargos in Istanbul or Ankara rather than risk using the whole route;
- Slow border procedures and the need to produce complete documentation, even for transit movements. Documentation needs to be in two languages. Use of CMR documentation by Customs as if TIR was without legal validity. Iranian trucks show TIR but not valid on this route;
- Lack of income to personnel results in local charges, fines and unofficial payments at checkpoints.

Central Route:

- Most European transporters still transship at Istanbul or Ankara;
- No regular ferry service to enter western end at Georgian ports so it is necessary to cross Turkey;
- Ferry service across the Caspian Sea is not scheduled. There is competition for space with rail wagons so it is necessary to make extra payments to ensure carriage;

- Customers in Central Asia still think that the Caucasus is unstable and that wars are still going on and that it is too dangerous to transit, even though this is not true;
- Slow border procedures and production of complete documentation, even for transit;
- Need for documentation in two languages and TIR not allowed as countries have not ratified the system.

North South Route:

- Lack of international traffic volumes, as only being used as a safer alternative routing to transiting through the southern Russian Federation;
- High cost routing due to ferry crossing and adverse road conditions along Caspian Sea; ferry service across Caspian Sea is not scheduled;
- There is competition for space with rail wagons, so it is necessary to make extra payments to ensure carriage;
- Lack of border facilities, as it is not a recognized international transport route, slow procedures.

III. MARKET CONDITIONS FOR TRANSPORTERS AND FORWARDERS

7. This is not an easy market for transporters or forwarders:

- Foreign companies are often resented for stealing the market from local companies, even if local companies lack the resources for international haulage;
- At the external borders, it is easier for Turkish and Iranian drivers to pass through their border posts because of language and knowledge of procedures, but then it is easier for CIS drivers than Turkish and Iranian drivers at the internal crossings in the CIS;
- The internal CIS border facilities were not designed for the current levels of traffic and there is an inability to separate different streams of traffic for processing;
- 70-80% of trucks from CIS are empty but it takes the same time to pass the border empty as full despite the simpler processing;
- There are restrictions on carriage of strategic cargoes, such as cotton. This results in difficulty in obtaining return loads;
- CIS carriers do not have the international network to get loads to the CIS. The result is empty trucks travelling in both directions;
- There are different transport laws and regulations in each country, thus creating problems and resulting in fines or delays;

- There is a lack of an adequate legislative framework for foreign companies to establish joint ventures with local partners, particularly for small- and medium-sized companies;
- There is a lack of trust between national organizations such as transporters and customs/police. The resultant control mechanisms are similar to the old Soviet system and do not relate to the needs of a market economy;
- There is still an unacceptable level of corruption (complex documentation x low pay = delays and corruption). Low pay leads to collection of unauthorized fines by various official and unofficial bodies. There is an incorrect use of international documentation. Foreign companies are seen as a target for collection of hard currency because drivers have to carry substantial funds for the journey.

8. As experienced transport operators, foreign hauliers are used to working in difficult commercial environments and still providing a service. However, these problems raise costs, and they have to allow for these in their charges because of the increased risks. Because of the trade imbalance, it is mainly a one-way trade with all the round trip costs having to be recovered from the outward freight. This means that the CIS States are having to pay for the problems in more expensive imports.

IV. REQUIREMENTS OF TRANSPORT OPERATORS

9. What are the requirements of the transporters?

- A common legislative framework with harmonized transport laws and regulations throughout the region;
- A stable regulatory environment so that operators know what is required and can plan accordingly;
- The development of multilateral transit agreements to reduce the differences in commercial environments which can result in fraud;
- Simplified border procedures to enable faster processing, such as those used for standard TIR movements - 5 minutes per truck;
- Compliance and implementation of international conventions, especially TIR. Common road tariffs in each State and no differential between foreign and CIS carriers, with preference only to national carriers;
- Improved commercial environment to establish joint ventures with new legislation which makes it more attractive to foreigners to invest in the region and fund new equipment;
- Access to return loads allowing foreign trucks to carry some strategic cargoes, thus lowering the outward charges.

10. For international road transport operators, the non-physical barriers represent more of an operating constraint than the physical ones, though improvements in roads are urgently needed. These barriers are the main reason for the high cost of international transport in both Central Asia and the Caucasus. Now is the time for changes of approach to minimize these non-physical barriers.
