121st Session of the UNECE Working Party on Customs Questions Affecting Transport

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ECO Main Areas of Activity

- Trade and Investment
- *Transport and Communications*
- Energy, Minerals and Environment
- Agriculture, Industry and Tourism
- Human resource and sustainable development
- Project and Economic Research and statistics
• Increasingly growing in term of international stature and weight.
• The GDP rate in ECO region has grown at a rate well above the world average. In 2005 the GDP in ECO region was 9%, which was much higher than the world average.
<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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<tr>
<td>Exports</td>
<td>94.7</td>
<td>120</td>
<td>157.9</td>
<td>198.9</td>
<td>228.1</td>
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<tr>
<td>Imports</td>
<td>103.8</td>
<td>134.7</td>
<td>184.5</td>
<td>222.3</td>
<td>255.4</td>
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<tr>
<td>Total Trade</td>
<td>198.5</td>
<td>254.7</td>
<td>342.4</td>
<td>421.2</td>
<td>483.5</td>
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<tr>
<td>Exports (Annual % change)</td>
<td>14.9</td>
<td>26.7</td>
<td>31.6</td>
<td>26.0</td>
<td>14.7</td>
</tr>
<tr>
<td>Imports (Annual % change)</td>
<td>17.6</td>
<td>29.8</td>
<td>37.0</td>
<td>20.5</td>
<td>14.9</td>
</tr>
</tbody>
</table>

- Intra Export Ratio of the ECO Region ( from 6.0% in 2004 to 7.1% in 2005)
## Projected Trade Figures for 2010
(Billion US $)

<table>
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<tr>
<th>Projection</th>
<th>Imports</th>
<th>Exports</th>
<th>Total Trade</th>
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<tbody>
<tr>
<td>2010</td>
<td>628.28</td>
<td>549.721</td>
<td>1177.91</td>
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</table>
FDI trends in ECO Region

[Bar chart showing FDI in Billion US$ for years 2002 to 2006, with a significant increase in 2006.]
I. ECO-TRADE AGREEMENT (ECOTA)
1. Tariff liberalization: Tariffs for 80% of tradable commodities will be reduced to less than 15% within 8 years
2. Removal of Non-Tariff Barriers with two years

II. The ECO Trade and Development Bank (ECO-TDB) established in Istanbul

II. Promotion of Intra regional trade (Buyers-Sellers meetings, trade fairs, business forums)

III. Assistance to member states in WTO accession

IV. Regional cooperation in the field of customs through the CHCA
1- The ECO Agreement on Mutual Administrative Assistance in Customs Matters
2- Agreement on establishment of ECO Smuggling and Customs Offences Data Bank
3- TTFA
ECO Region is the cross road of main international north-south and east-west corridors and important road and rail projects.
These two ECO Member States are among the top 20 most important maritime countries in the world. In the period Turkey has ranked between 17-20th and Iran between 18-23rd in the world. Overall, their status has got even stronger since 2002. The share of Iran in the world dwt tonnage increased form 0.93% in 1996 to 1.08% in 2006, but that of Turkey decreased from 1.34% to 1.11%. Together they held 2.19% of the world total tonnage in 2005.
The size of merchant fleets of ECO region is about three times bigger than that of the whole African countries, 50% of developing countries of America, 50% of Socialist Asian countries (China, North Korea and Vietnam), 10% of developing Asian countries and about 7% of developed market economy countries.
Transport Challenges and bottlenecks in ECO Region

**Physical Barriers**

- Poor conditions of Road and railways Infrastructure
- Inefficient Border Infrastructure
- High number of points/slow control process/inefficient parking adjacent in Control points
- Limited bonded warehouse network/system

**Challenges and Bottlenecks**

- **High travel time, higher fleet maintenance, and higher road/railway maintenance cost**
- **Creation of line ups and increasing the delay and total travel time**
- **Increasing time and cost of the travel**
- **Higher distribution costs, higher travel distance, higher vehicle cost and travel time**
Bottlenecks (continued…)

Non-Physical Barriers

Taxes & Tariffs:
Road tax, Vehicle size/weight regulations/
Charges, Permits charges, costums duties, etc.

Documentation:
Transport and customs documentations

Personnel:
Weak Motivation, Lack of trained professionals, Corruption

Higher travel Time and cost
2. Seven ECO Member States are land-locked

- Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan
- 1150 km
- 3750 km
- 3100 km
- 1200 km
- 3600 km
- 1700 km

Lack of territorial access to the sea:
- It imposes serious constraints on the overall socio-economic development of landlocked developing countries. It bears serious impacts on the economic performance of landlocked developing countries, which are typically heavily dependent on a very limited number of commodities for their export earnings.
- The remoteness from major world markets is the principal reason why many landlocked developing countries have not been very successful in mitigating the consequences of being landlocked.
- The distances involved in most cases of landlocked developing countries are excessive. Kazakhstan has the longest distance from the sea (3,750 km) in the world.
- There is a clear correlation between distance and the transport costs. High transport costs erode the competitive edge of landlocked developing countries and trade volume. High transport costs for them have become a far more trade restrictive barrier than tariffs.
ECO Basic Documents and policy Guidelines For Transportation and Communications:

1- Treaty of Izmir
2- Quata Plan of Action
3- Istanbul Declaration
4- Economic Cooperation Strategy for ECO Region

Outline Plan for the Development of Transport Sector in the ECO Region (1996)

Program of Action for the ECO Decade of Transport and Communications (1998-2007)

ECO Transit Transport Framework agreement (TTFA)

Objective: Facilitation of transportation and transit of goods and passengers within the ECO region through short, medium and long term measures
Program of Action for the ECO Decade of Transport and Communications
(1998-2007)

1- Elimination of Non-Physical Barriers on Main Transit-Transport Routes of the ECO Region.

2- Development of Physical Infrastructure of “East-West” and “North-South” Transport Corridors.

3- Development of Telecommunications and Postal Links in the ECO Region.
The Transit Transport Framework Agreement (TTFA) is the main vehicle to enhance cooperation in the field of transit transport in the region.

**Signed:** May 1998

**Scope:** Signed by all Member States, except Uzbekistan, ratified by all signatories, except Turkey and Turkmenistan.

**Objectives:**
- Facilitate movement of goods, luggage & passengers
- Ensure safety of goods, luggage & passengers
- Avoid incidence of customs fraud & tax evasion

**Structure:**
- 10 Parts
- 45 Articles
- 8 Annexes
Transit Transport Coordination Council (TTCC)

- Legal Committee
- Transit Trade Committee
- Insurance Committee
- Maritime Cooperation
- Railway Committee
- Road Committee
ECO projects and programs in the field of Transport

- Railway Transport
- Road Transport
- Maritime Transport
- MMT
- Air Transport
- ECO Logistics Provider Associations’ Federation (ECOLPAF): Private Sector
Rail Transport:
The Trans-Asian Railway Mainline connects Istanbul to Urumchi via Iran, Turkmenistan, Uzbekistan and Kazakhstan.

A demonstration container train left Istanbul to Almaty in January 2002. (20 wagons each containing 40 feet container of export goods.

The 1st demonstration run of international passenger train No.19/20 on Almaty-Tashkent-Turkmenabad-Tehran route in March 2002.
Tehran Istanbul Passenger Train

Tehran Istanbul Passenger Train - inside
Tehran Istanbul Passenger Train-boarding ferry on Van Lake
The southern corridor of the Trans-Asian Railway is one of three Asia-Europe rail landbridges (The Asian Land Transport Infrastructure Development Project- ALTID of ESCAP)

**Route TAR-S1**
Is the main route of international significance within the corridor. Commence in Kunming (China) and goes through Myanmar, India, Bangladesh, Pakistan, Iran, as far as the border between Turkey and Bulgaria. It would allow access to Western Europe via Bulgaria, Romania, Hungary and Austria. Total length = 11,700 km.

**Route TAR-S2**
This route would start from Nam Tok, 210 km by rail from Bangkok, and connects with TAR-S1 at Mandalay, Myanmar.

**Route TAR-S3**
The international significance of this route owes to connecting the landlocked countries of Central Asia with Europe and South/Southeast Asia. It would start from Sarakhs, running southwest to Fariman, linking Sarakhs with the border between the Islamic Republic of Iran and Turkey at Razi, and Bafq-Bandar Abbas. The total length = 1,589 km.
Road Transport

- Transit facilitation through efficient implementation of the TTFA
  - Identification of road transit route
  - Issuance of transit/Multiple Entry Visa in 72 hrs
  - Issuance of Transport Permits without any limitation and quota
  - Removal of levies and charges on vehicles in transit
  - Simplification of customs procedures and documents
  - Development of MMT
  - Insurance (ECO White Card)
  - Harmonization of national policies, rules and regulations

- Launching Demonstration Caravans

- Establishment of ECO Logistics provider Associations’ Federation (ECOLPAF)

- Enforcement of international Conventions

- Silk road project
Maritime Transport: Facilities for Land-Locked Countries

The Four Meetings of HRMO decided on provision of LLCs with the Followings:
– Port infrastructure, land, equipment, office space, storage facilities, container depots, communication facilities, etc.
– Fiscal and customs measures, in particular reduction in duties, minimization of custom inspections, and simplification of custom formalities for goods in transit.
– Special treatment in terms of fees and tariffs.
– Administrative facilities and permits.
– Provisions of special services and facilities to the landlocked member states in free economic zones created at the ports or the nearest locations to ports.
– Creation of investment opportunities for the landlocked countries in the ports of the transit countries.
– Study Tours to the ports of the Transit countries
**Multimodal Transport**

The growing trend of containerization in the ECO region:

**The example of container ships:** In the last 10 years, both dwt capacity and share of container ships in total commercial fleets of the ECO member states have grown rapidly.

**Multimodal Transport and Trade Facilitation in the ECO Region:**
A joint ECO/UNCTAD/IDB Project started since 2002. 1st and 2nd Phases completed. 3rd Phase underway

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**Total deadweight of container ships in the ECO Member States, 1996-2005. (thousand dwt tons)**

**Percentage of container ships to total commercial fleets of the ECO member states, dwt (%)**

**Series 1**

**Percentage of container ships to total commercial fleets in the world, dwt (%)**

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**Graphs showing trends in deadweight and percentage growth from 1996 to 2005.**
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<td>X X</td>
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<td>X X</td>
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<td>X X</td>
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<td>Turkey</td>
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<td>X</td>
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<td>X X</td>
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<td>X</td>
<td>X</td>
<td>X X</td>
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**Application of TIR system has been growing exponentially in the ECO region in recent years**

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<tr>
<td>Azerbaijan</td>
<td>4000</td>
<td>3600</td>
<td>1300</td>
<td>1900</td>
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<td>32650</td>
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<td>1,250</td>
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<td>150</td>
<td>200</td>
<td>400</td>
<td>1000</td>
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<tr>
<td>Uzbekistan</td>
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<td>500</td>
<td>900</td>
<td>2400</td>
<td>1800</td>
<td>4500</td>
<td>7000</td>
<td>777%</td>
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<tr>
<td><strong>Total</strong></td>
<td>381400</td>
<td>356200</td>
<td>441450</td>
<td>475050</td>
<td>605450</td>
<td>655100</td>
<td>792400</td>
<td>915150</td>
<td>240%</td>
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TIR CARNETS USED BY ECO TRANSPORT OPERATORS IN 2007

825,000 TIR Carnet were used by ECO transport operators in 2007 which represents 26% of the Carnets used in the world:

- 50% (406 000) WERE USED FOR TRANSPORT BETWEEN ECO MSs
- 38% (320 000) USED FOR TRANSPORT TO EUROPE AND EFTA COUNTRIES
- 3% (30 000) WERE USED FOR TRANSPORT TO THE MIDDLE EAST AND CAUCASIAN REGIONS
- 9% (70 000) WERE USED FOR TRANSPORT TO RUSSIA, BELARUS AND UKRAINE
TIR CARNETS USED FOR TRANSPORT TO ECO COUNTRIES IN 2007

- **506’000** TIR CARNETS HAVE BEEN USED FOR TRANSPORT TO ECO COUNTRIES, INCLUDING THOSE USED BY ECO TRANSPORT OPERATORS WHICH REPRESENTS **16 %** OF ALL CARNETS ISSUED IN 2007

- **100 000** TIR CARNETS WERE USED FOR TRANSPORT TO ECO COUNTRIES BY FOREIGN TRANSPORT OPERATORS WHICH REPRESENTS **3%** OF TOTAL CARNETS USED IN 2007

- **75 %** (75 000) WERE USED BY TRANSPORT OPERATORS FROM EU AND EFTA COUNTRIES IN 2007

- **4%** (4 000) WERE USED BY TRANSPORT OPERATORS FROM THE MIDDLE EAST AND CAUCASIAN REGIONS IN 2007.

- **21%** (21 000) WERE USED BY TRANSPORT OPERATORS FROM RUSSIA, BELARUS AND UKRAINE IN 2007.
ECO’s Contribution to enforcement/implementation of International conventions/Agreements particularly the TIR Convention

- National/regional Capacity Building projects/programs
  - National workshops on TIR system in Afghanistan and Pakistan in 2009
  - Joint ECO/IRU/UNECER Regional Seminar on UNECE conventions in the ECO Sectt. in Tehran (April 27-29, 2009)
  - Establishment of national inter-ministerial Committees
  - Establishment of ECO Units in the Transport Ministries of MSs
  - Exchange of views through virtual meetings

- Regional Studies and surveys

- Political level decisions (Summit, COM, MMOTC, etc)
Thank YOU

Economic Cooperation Organization (ECO)

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