



# **Facilitation of Euro-Asian Transport in the ECO Region**

**First Regional Workshop of Euro-Asian Transport Links  
Phase II**

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**UN Economic Commission for Europe**

# **TRANSPORT FACILITATION**

**What is it?**

**What for?**

**Why?**

**How?**

## **Transport facilitation: what is it?**

- **Removal of unnecessary barriers to international transport**

## Transport facilitation: what for?

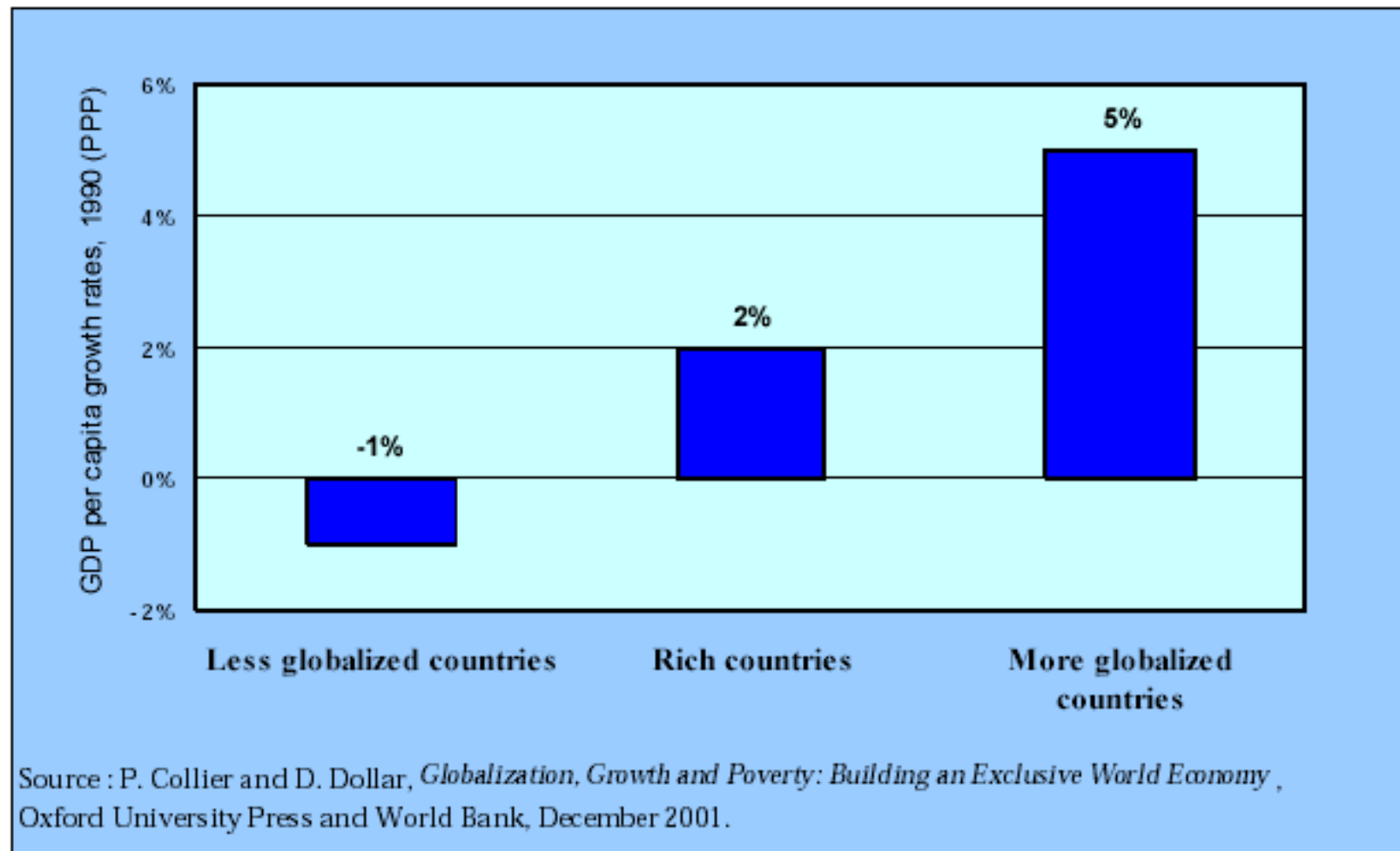
- **To reduce transportation time and costs**

## **Why reduce transport costs?**

- **High transport costs are an obstacle - discourage international trade**
- **Trade (and openness to trade) - significant variables explaining the differences in economic growth**

## A WB study, 24 developing countries over the last 20 years

More openness to trade leads to higher GDP, longer life expectancy and better schooling



## **Why reduce transport costs?**

- **Trade policy barriers (mostly tariffs) currently fairly low**
- **They appear today less important than other policies (transport infrastructure, law enforcement and property rights institutions)**
- **This implies potentially much larger impact (and payoff) to be had by lowering transport costs and addressing other institutional policies**

## **Transport facilitation: how**

- **Reduce the physical costs of transport (build and/or improve the infrastructure)**



## **Infrastructure (some empirical estimates):**

- **Poor physical infrastructure is reflected in higher transport costs**
- **Trade volumes go up by two-thirds if a country improves its infrastructure (incl. telephone lines) from a mid-point to top 25 per cent**
- **Improved infrastructure leads to higher trade (the greatest impact on trade has increasing port efficiency)**

## **Transport facilitation: how**

- **Improve the efficiency of border crossing operations**

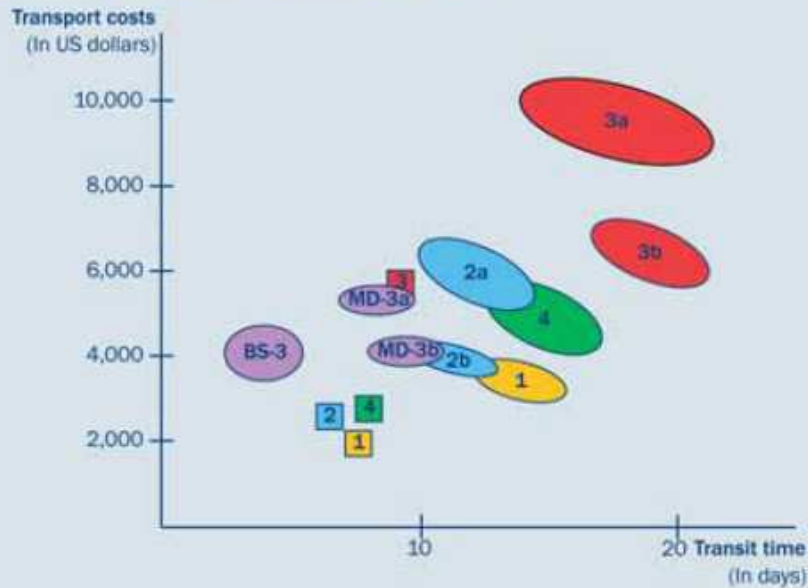
## **Shipping time (some empirical estimates):**

- **Doubling the shipping time, decreases the volume of trade by about a third**
- **Loading, unloading time, administrative procedures take time**
- **Customs clearance up from 5 to 7 days, the volume of trade down by 40 per cent**

## **Transport costs and trade:**

- **The higher the costs, the lower the volumes traded**
- **The lower the trade, the lower the GDP**
- **Border crossings often major bottlenecks**
- **Significant payoffs at low cost, if efficiency at border crossings improved**

**Figure 3.2: Transport Costs and Transit Times for Shipments by Road between the Central Asian Republics (Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan) and Selected Countries, Spring 2005**

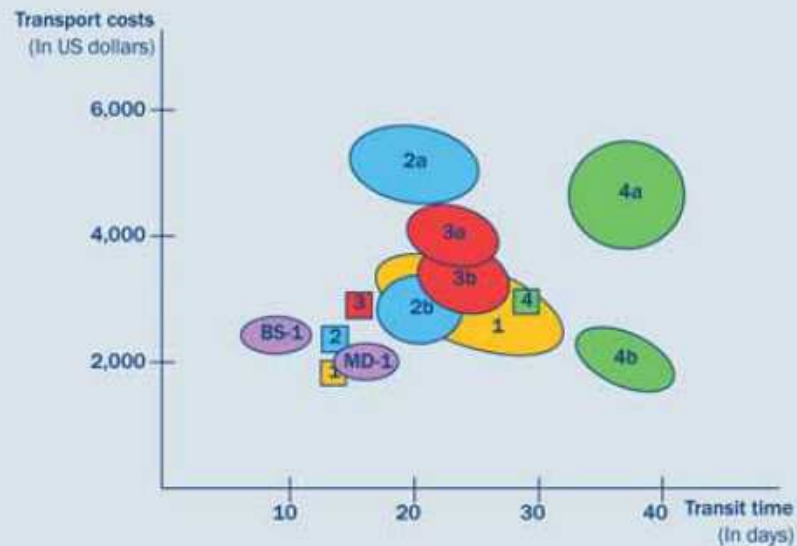



- Legends:**
-  Actual transport costs and transit time
  -  Transport costs and transit time in the "ideal world" (i.e. a world with balanced transport flows, competitive markets for transport services, smooth border crossing, low transit fees, and no visa problems and unofficial payments).
  - 1 For a shipment by a local truck to Moscow;
  - 2 For a shipment by a Turkish truck (a) from Istanbul and (b) to Istanbul;
  - 3 For a shipment by a European truck (a) from the Benelux countries (Belgium, Netherlands, and Luxemburg) and (b) to the Benelux countries;
  - 4 For a shipment by a local truck to and from Finnish border;
  - BS-3 For shipments between the Baltic States and the Benelux countries;
  - MD-3 For shipments (a) from the Benelux countries to Moldova and (b) from Moldova to the Benelux countries.

**Comparison of "ideal" with the actual road transport costs and transit times in Central Asia**

**Source: Asian Development Bank, Central Asia: increasing gains from trade through regional cooperation in trade policy, transport and customs policy, 2006.**

**Figure 3.3: Transport Costs and Transit Times for Shipments by Rail between the Central Asian Republics (Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan) and Selected Countries, Spring 2005**

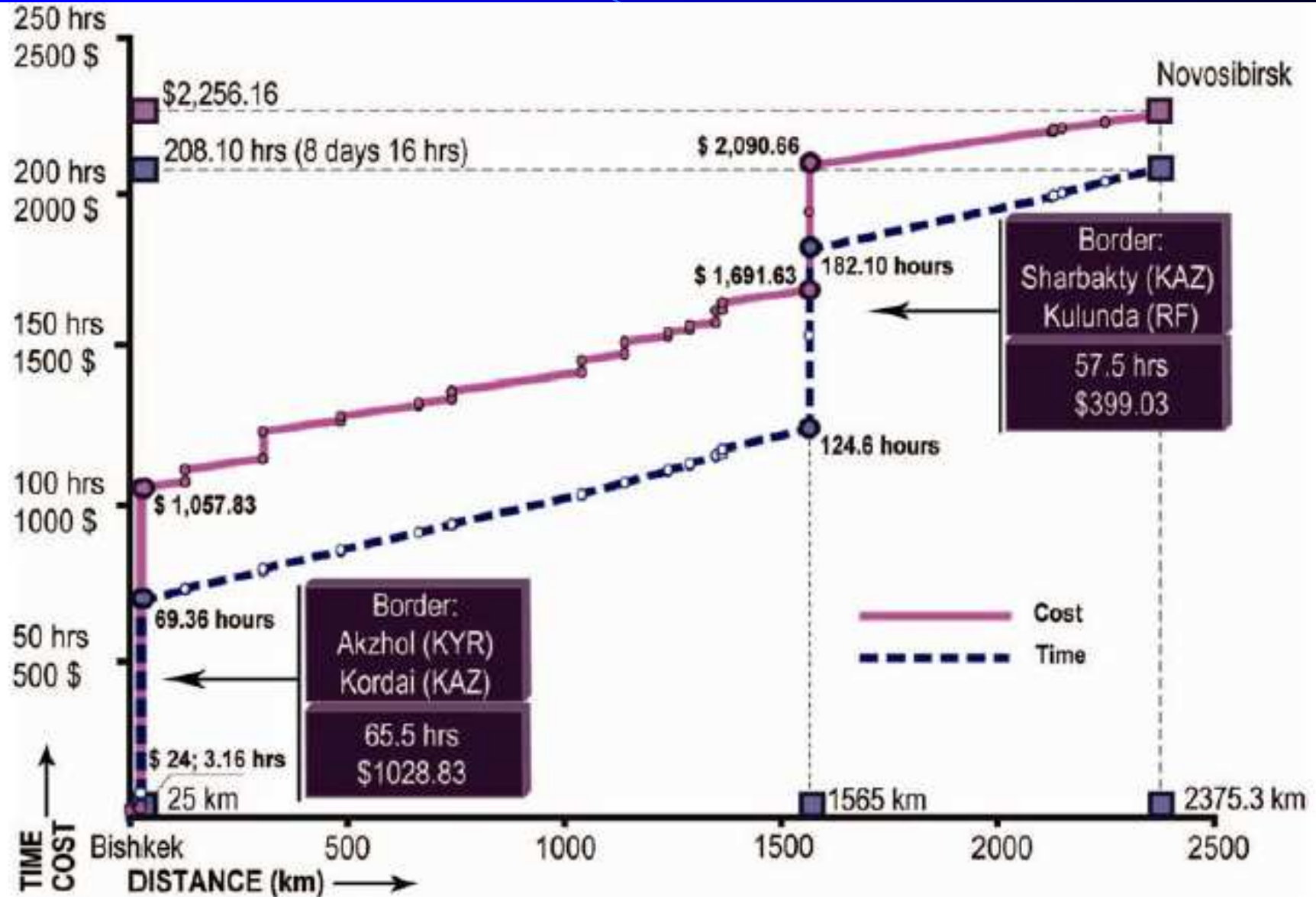


- Legends:**
-  Actual transport costs and transit time
  -  Transport costs and transit time in the "ideal world" (i.e. a world with balanced transport flows, competitive markets for transport services, smooth border crossing, low transit fees, and no visa problems and unofficial payments).
- 1 For a shipment of a full wagon or a 40-foot container from and to Moscow by rail;
  - 2 For a shipment of a 40-foot container (a) from Istanbul and (b) to Istanbul by rail and by sea;
  - 3 For a shipment of a 40-foot container (a) from the Benelux countries and (b) to the Benelux countries by rail;
  - 4 For a shipment of a 40-foot container (a) the East coast of the People's Republic of China (PRC) by rail over land and (b) to the East coast of the PRC by rail and sea via Bandar Abbas;
- BS-1 For shipment between the Baltic States and Moscow;
- MD-1 For shipments between Moldova and Moscow.

**Comparison of "ideal" with the actual rail transport costs and transit times in Central Asia**

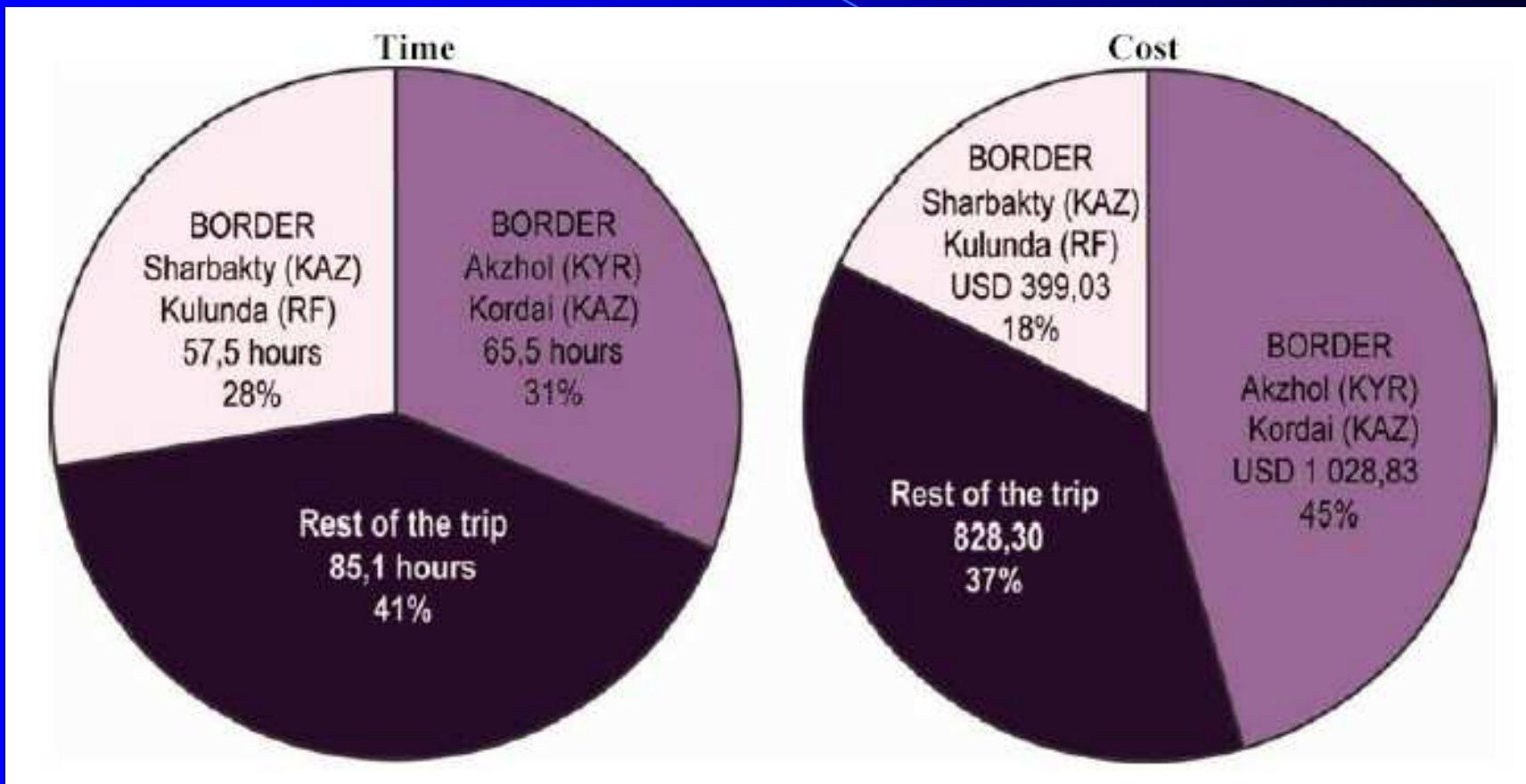
**Source: Asian Development Bank, Central Asia: increasing gains from trade through regional cooperation in trade policy, transport and customs policy, 2006.**

## Waiting times at borders too long and unpredictable: road route





## Bottlenecks at border crossings:



Source: Project Working Group on Transport and Border Crossing, Special Program for the Economies of Central Asia, SPECA/PWG-TBC(11)/6, 21 February 2006



**Border crossing facilitation (proxy):**  
**Customs clearance and technical control, Former Soviet Union,**  
**regional averages, 2007**

	EXP	ORTS	IMP	ORTS
	Days	Cost (\$)	Days	Cost (\$)
Central Asia	8	180	11	193
Caucasian Countries	4	120	4	58
European Countries	3	200	5	205
Baltic States	1	68	2	68

**Note: Turkmenistan not included**

**Source: World Bank, [www.doingbusiness.org](http://www.doingbusiness.org)**

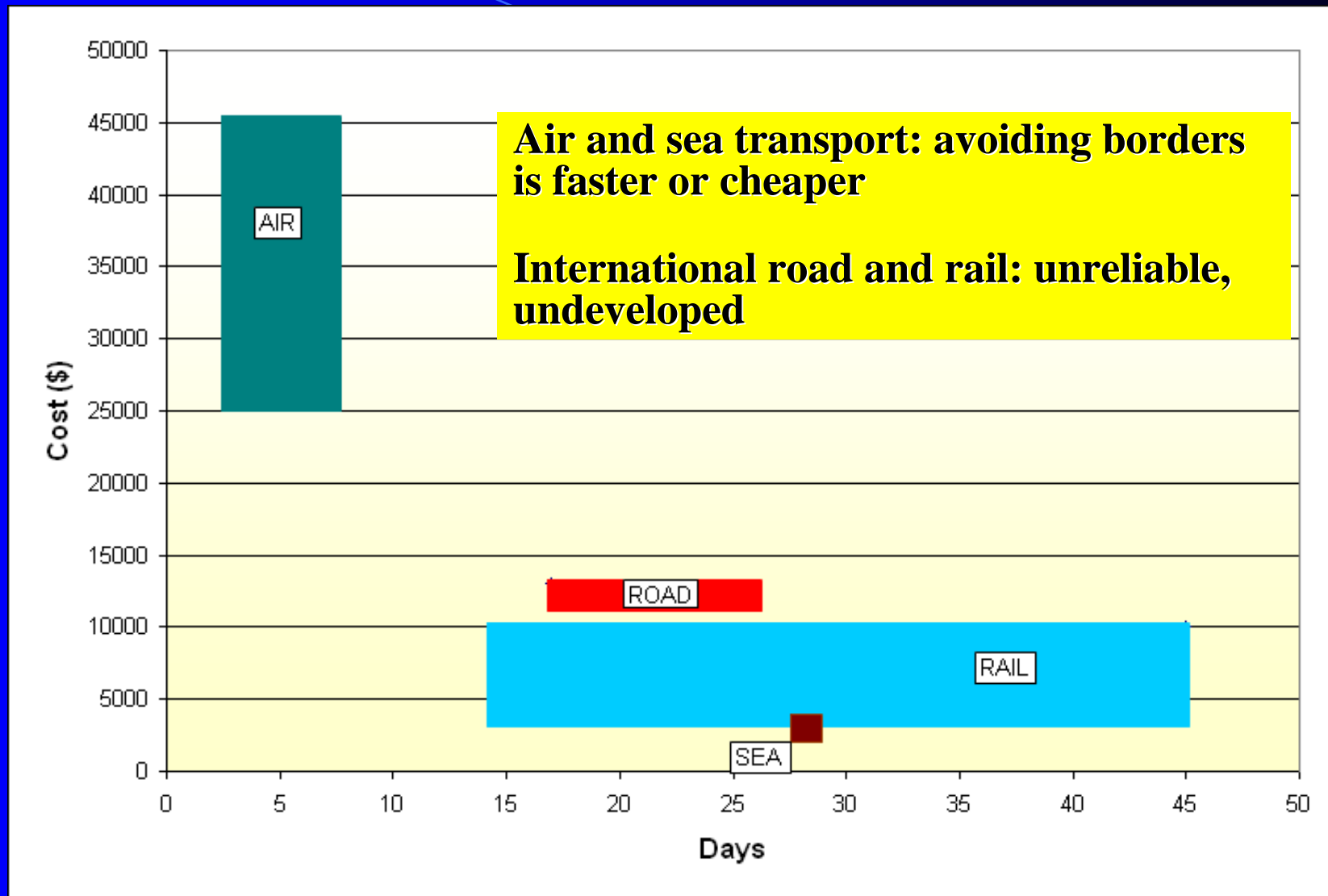
**Trade facilitation (proxy):**  
**Former Soviet Union, regional averages, 2007,**

	EXP	ORTS		IMP	ORTS	
	No. docs	Time days	Cost (\$)	No. docs	Time days	Cost (\$)
Central Asia	11	79	2,695	12	85	3,445
Caucasian Countries	8	33	1,662	10	31	1,795
European Countries	7	31	1,548	10	35	1,583
Baltic States	5	9	765	5	10	810

**Note: Turkmenistan not included**

**Source: World Bank, [www.doingbusiness.org](http://www.doingbusiness.org)**

## Freight costs and scheduled transit times China to Western Europe, (40 foot container or equivalent)



Source: Land Transport Options between Europe and Asia: Commercial Feasibility Study, US Chamber of Commerce, July 2006.

## **TRADING ACROSS BORDERS**

**World Bank's "Doing Business"**

**[www.doingbusiness.org](http://www.doingbusiness.org)**

## **WB – Doing Business: “Trading Across Borders”**

- **The procedural requirements for exporting and importing a standardized cargo of goods**
- **Every official procedure is counted -- from the contractual agreement between the two parties to the delivery of goods -- along with the time and cost necessary for completion**

## **WB – Doing Business**

- **Number of all documents required to export/import goods**
- **Time necessary to comply with all procedures required to export/import goods**
- **Cost associated with all the procedures required to export/import goods**

Economy	Year	EXPORTS			IMPORTS		
		DOCS	DAYS	COST\$	DOCS	DAYS	COST\$
Afghanistan	2006	7	66	2,500	10	97	2,100
Afghanistan	2007	12	67	2,500	11	71	2,100
Afghanistan	2008	12	67	2,500	11	71	2,100
Afghanistan	2009	12	74	3,000	11	77	2,600
Armenia	2006	7	34	1,600	7	37	1,750
Armenia	2007	7	34	1,600	7	37	1,750
Armenia	2008	7	30	1,165	9	24	1,335
Armenia	2009	7	30	1,746	9	24	1,981
Azerbaijan	2006	9	56	2,715	14	56	2,945
Azerbaijan	2007	9	48	2,715	14	56	2,945
Azerbaijan	2008	9	48	2,715	14	56	2,945
Azerbaijan	2009	9	48	3,075	14	56	3,420
Iran	2006	8	26	860	10	42	1,330
Iran	2007	8	26	860	10	42	1,330
Iran	2008	8	26	860	10	42	1,330
Iran	2009	8	26	1,011	10	42	1,656
Iraq	2006	10	102	3,400	10	101	3,400
Iraq	2007	10	102	3,400	10	101	3,400
Iraq	2008	10	102	3,400	10	101	3,400
Iraq	2009	10	102	3,900	10	101	3,900
Pakistan	2006	8	33	996	12	39	317
Pakistan	2007	9	24	515	8	19	648
Pakistan	2008	9	24	515	8	19	648
Pakistan	2009	9	24	611	8	18	680
Turkey	2006	8	20	513	13	25	735
Turkey	2007	8	20	513	13	25	735
Turkey	2008	7	14	865	8	15	1,013
Turkey	2009	7	14	940	8	15	1,063

		Docs	Days	Cost (\$)	Docs	Days	Cost (\$)
Belarus	2006	8	24	1,672	8	29	1,672
Belarus	2007	8	24	1,672	8	29	1,672
Belarus	2008	8	24	1,672	8	29	1,672
Belarus	2009	8	20	1,772	8	26	1,720
Kazakhstan	2006	11	89	2,730	13	76	2,780
Kazakhstan	2007	11	89	2,730	13	76	2,780
Kazakhstan	2008	11	89	2,730	13	76	2,780
Kazakhstan	2009	11	89	3,005	13	76	3,055
Kyrgyzstan	2006	13	64	2,500	13	75	2,450
Kyrgyzstan	2007	13	64	2,500	13	75	2,450
Kyrgyzstan	2008	13	64	2,500	13	75	2,450
Kyrgyzstan	2009	13	64	3,000	13	75	3,250
Tajikistan	2007	10	82	3,000	10	83	4,500
Tajikistan	2008	10	82	3,000	10	83	4,500
Tajikistan	2009	10	82	3,150	10	83	4,550
Uzbekistan	2006	7	80	2,550	11	104	4,050
Uzbekistan	2007	7	80	2,550	11	104	4,050
Uzbekistan	2008	7	80	2,550	11	104	4,050
Uzbekistan	2009	7	80	3,100	11	104	4,600




Region or Economy	Documents for export (number)	Time for export (days)	Cost to export (US\$ per container)	Documents for import (number)	Time for import (days)	Cost to import (US\$ per container)
OECD	4.5	10.7	1,069.1	5.1	11.4	1,132.7
Middle East & North Africa	6.5	23.3	1,024.4	7.6	26.7	1,204.8
East Asia & Pacific	6.7	23.3	902.3	7.1	24.5	948.5
Latin America & Caribbean	6.9	19.7	1,229.8	7.4	22.3	1,384.3
Eastern Europe & Central Asia	7.1	29.7	1,649.1	8.3	31.7	1,822.2
Sub-Saharan Africa	7.8	34.7	1,878.8	8.8	41.1	2,278.7
South Asia	8.5	33.0	1,339.1	9.0	32.5	1,487.3
France	2	9	1,078	2	11	1,248
Canada	3	7	1,660	4	11	1,785
Estonia	3	5	730	4	5	740
Micronesia	3	30	1,255	6	30	1,255
Panama	3	9	729	4	9	879
Austria	4	7	1,125	5	8	1,125
Belgium	4	8	1,619	5	9	1,600
Czech Republic	4	17	985	7	20	1,087
Denmark	4	5	681	3	5	681
Finland	4	8	495	5	8	575
Germany	4	7	822	5	7	887
Hong Kong, China	4	6	625	4	5	633
Ireland	4	7	1,109	4	12	1,121
Japan	4	10	989	5	11	1,047
Korea	4	8	767	6	8	747
Madagascar	4	23	1,279	9	27	1,660
Netherlands	4	6	895	5	6	1,020
Norway	4	7	780	4	7	709
Singapore	4	5	456	4	3	439
Sweden	4	8	697	3	6	735
Switzerland	4	8	1,537	5	9	1,505
Thailand	4	14	625	3	13	795
United Kingdom	4	13	1,030	4	13	1,350
United States	4	6	990	5	5	1,245
Antigua and Barbuda	5	15	1,133	6	15	1,133
Bahrain	5	14	805	6	15	845

## Trading Across Borders in Azerbaijan

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Change selection

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Nature of Export Procedures		Duration (days)	US\$ Cost
Documents preparation		28	150
Customs clearance and technical control		7	250
Ports and terminal handling		5	375
Inland transportation and handling		8	2300
<b>Totals:</b>		<b>48</b>	<b>3075</b>
Nature of Import Procedures		Duration (days)	US\$ Cost
Documents preparation		28	170
Customs clearance and technical control		8	275
Ports and terminal handling		6	375
Inland transportation and handling		14	2600
<b>Totals:</b>		<b>56</b>	<b>3420</b>
Export documents	Import documents		
Bill of lading	Bill of lading		
Certificate of origin	Cargo release order		
Commercial invoice	Certificate of origin		
Customs export declaration	Commercial invoice		
Export license	Contract with supplier		
Packing list	Customs import declaration		
Power of attorney	Customs transit document		
Selling contract	Import license		
Transit document	Packing list		
	Shipping invoice		
	Tax certificate		
	Technical standard/health certificate		
	Terminal handling receipts		
	Transit document		

## Trading Across Borders in Iran

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Change selection

select an economy ▼

Nature of Export Procedures	Duration (days)	US\$ Cost
Documents preparation	12	176
Customs clearance and technical control	2	100
Ports and terminal handling	4	210
Inland transportation and handling	8	525
<b>Totals:</b>	<b>26</b>	<b>1011</b>

Nature of Import Procedures	Duration (days)	US\$ Cost
Documents preparation	26	296
Customs clearance and technical control	3	150
Ports and terminal handling	5	210
Inland transportation and handling	8	1000
<b>Totals:</b>	<b>42</b>	<b>1656</b>

Export documents	Import documents
Bill of lading	Bill of lading
Certificate of origin	Cargo release order
Commercial Invoice	Certificate of origin
Customs export declaration	Commercial invoice
Export license	Customs import declaration
Insurance policy	Foreign exchange authorization
Packing list	Import license
Technical standard/health certificate	Insurance policy
	Packing list
	Technical standard/health certificate

## Trading Across Borders in Turkey

Change selection

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select an economy ▼

Nature of Export Procedures	Duration (days)	US\$ Cost
Documents preparation	6	220
Customs clearance and technical control	3	200
Ports and terminal handling	3	220
Inland transportation and handling	2	300
<b>Totals:</b>	<b>14</b>	<b>940</b>

Nature of Import Procedures	Duration (days)	US\$ Cost
Documents preparation	8	280
Customs clearance and technical control	3	200
Ports and terminal handling	3	183
Inland transportation and handling	1	400
<b>Totals:</b>	<b>15</b>	<b>1063</b>

Export documents	Import documents
Bill of lading	Bill of lading
Certificate of origin	Cargo release order
Commercial invoice	Certificate of origin
Customs export declaration	Commercial invoice
Packing list	Customs import declaration
Preferential certificate	Import license
Technical standard/health certificate	Technical standard/health certificate
	Terminal handling receipts