

EEF.NGO/9/10
23 May 2010

Original: ENGLISH
RUSSIAN

18th OSCE Economic and Environmental Forum
“Promoting good governance at border crossing, improving the security of land
transportation and facilitating international transport by road and rail in the OSCE region”
Part 2 / Prague, 24 – 26 May 2010

The prospects of cooperation and coordination of the efforts of international organizations and national governments in the implementation of transport projects in the CA region

Murat Bekmagambetov

The views expressed in this document belong to the expert and do not necessarily reflect the views or policies of the OSCE Center in Astana, Ministry of transport and communications of the RK or other official agencies

Almaty 2010

FOREWORD

All countries of the Central Asian region (CAR) fall presently into the category of developing countries facing disadvantages resulting from being landlocked and far from the sea which is having a negative impact on their economic growth. The problems of geographical remoteness from the sea routes are exacerbated significantly by the need to cross the territories of other countries to deliver goods to foreign markets. Lengthy and complicated control procedures at border crossings, lack of standard documentation, poor working arrangements and limited application of modern transportation methods and technologies are just a few of the serious challenges. This leads to an increased cost of import, reduced competitiveness of export commodities and reduced incentives for foreign direct investments in the region's economy.

The efforts of many international organizations, development institutions and national governments are aimed at addressing the challenges in the area of transport. In the author's opinion, this brief overview will make it possible to evaluate these initiatives and define areas for cooperation and coordination of efforts in the implementation of transport projects in the CAR on the platform of OSCE.

TABLE OF CONTENTS

FOREWORD	
LIST OF ABBREVIATIONS	
INTRODUCTION	5
1 Challenges in the area of transport in the CAR	7
2 An overview of initiatives in the area of transport currently under implementation in the CA region	13
2.1 General overview	13
2.2 ADB's Central Asian Regional Economic Cooperation support program (CAREC)	14
2.3 EU program on the development of Europe – Caucasus – Asia transport corridor (TRACECA)	18
2.4 Initiatives of the Eurasian economic community (EurAsEC)	22
2.5 Joint UNECE and UNESCAP project on the development of Euro-Asian transport links	24
2.6 UN Special Program for the Economies of Central Asia (SPECA)	25
2.7 IRU Initiatives	27
2.8 Border control in Central Asia. Border Management in Central Asia assistance program (BOMCA)	29
2.9 Initiatives of the United States Agency for International Development (USAID)	29
CONCLUSIONS AND RECOMMENDATIONS	31
Appendix A Foreign trade of the CAR republics	34
Appendix B List of EurAsEC routes	36

LIST OF ABBREVIATIONS

JICA	– Japanese International Cooperation Agency
NELTI	– New Eurasian Land Transport Initiative of the IRU
RTLTC	– Regional trade liberalization and customs reform project, USAID
ADB	– Asian Development Bank
AHN	– Asian Highway Network as defined by the Intergovernmental agreement on the Asian road network (Bangkok, November 18 2003)
BOMCA	– EU’s Border Management in Central Asia assistance program
WTO	– World Trade Organization
EADB	– Eurasian Development Bank
EATC	– Eurasian Transport Communications
EBRD	– European Bank for Reconstruction and Development
EurAsEC	– Eurasian Economic Community
UNECE	– United Nations Economic Commission for Europe
SOM	– CAREC’s Senior Officials’ Meeting
IsDB	– Islamic Development Bank
PRC	– People’s Republic of China
IRU	– International Road Union
NJC	– National joint transport and trade facilitation committees
OSCE	– Organization for Security and Cooperation in Europe
RJC	– Regional joint transport and trade facilitation committee, CAREC
SPECA	– UN Special Program for the Economies of Central Asia
TTFS	– CAREC’s Transport and Trade Facilitation Strategy
TARN	– Trans-Asian Railway Network, as defined by the Intergovernmental agreement on the Trans-Asian railway network (Pusan, November 10 2006)
TRACECA	– Transport Corridor Europe – Caucasus - Asia
FACFF	– CAREC’s Federation of Associations of Carriers and Freight Forwarders
CAR	– Central Asian Region
CAREC	– Central Asian Regional Economic Cooperation support program, ADB
UNESCAP	– United Nations Economic and Social Commission for Asia and the Pacific
USAID	– United States Agency for International Development

INTRODUCTION

One of Kazakhstan's main priorities in the OSCE is the development of transit and transport potential of the organization's member countries and the Eurasian transcontinental transport corridors as well as the use of this organization's potential and tools in the process of improvement of the attractiveness of the Central Asian Region (CAR) in the eyes of the global community, including its economic attractiveness.

Adequate management at border crossing points, improved transit safety and efficiency are important for all OSCE countries. Furthermore all Central Asian republics are landlocked and this is why the development of land transport and access to ports is of utmost importance for them.

The following major initiatives are currently underway in the CAR in the area of transport and transit development with the support of international organizations:

1. Transport and trade facilitation strategy for 2008-2017 within the framework of the Central Asian Regional Economic Cooperation (CAREC) support program¹. This strategy was developed on the initiative of the Asian Development Bank (ADB). It defines areas and priorities in transport development and trade facilitation for the Program's participating countries. The document envisages physical development and improvement of six CAREC corridors to connect production centers with the markets within the CAR and increase access to the neighboring regions and markets.
2. EU Program on the development of Europe-Caucasus-Asia transport corridor (TRACECA). 13 countries are currently participating in the Program: five European states, three Caucasian countries and five Central Asian republics. The Program's main aims and objectives are formulated in the TRACECA Intergovernmental Commission's Strategy 2015.
3. Initiatives of the Eurasian Economic Community (EurAsEC)², such as the formation of a Customs Union and a Single Transport Space of EurAsEC, the development of selected routes and a system of logistic centers of its member states.
4. Initiatives under the auspices of the UN: Joint UNECE and UNESCAP project on the development of Euro-Asian transport links, UNESCAP project on operationalization of international intermodal transport corridors in North East and Central Asia as well as the UN Special Program for the Economies of Central Asia (SPECAs).
5. IRU Initiatives: the New Eurasian Land Transport Initiative as well as projects "The operations of border crossings in the CIS region" and "Model highway".

One should also note the initiatives of the United States Agency for International Development (USAID), namely the Regional trade liberalization and customs reform project (RTLRC), which offers assistance to the Governments of Kazakhstan, Kyrgyzstan and Tajikistan in accelerating economic growth and improving their competitiveness by introducing reforms in the area of trade and transit.

The above activities involve both technical assistance to the countries of the region and attraction of certain investments in the development of transport infrastructure and institutional structures

¹ CAREC countries: Afghanistan, Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan and Uzbekistan

² EurAsEC countries: Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan

in the CAR. However the objectives of the above initiatives as well as methods used to achieve them do vary:

- CAREC is geared towards the development of transport and trade linkages within the CAR and with other Asian countries;
- TRACECA is aimed at the development of transportation routes of cargoes between Central Asia and Europe alternative to the Russian route;
- The activities of EurAsEC boil down first and foremost to maintaining and further developing transportation routes between Central Asia and Russia and Eastern European countries;
- Projects under the auspices of the UN are intended to ensure efficient transport linkages between Europe and Asia and within the Asian region (the AHN and the TAR networks).

The diversity of priorities makes it difficult to focus efforts and financial resources (limited as they are) on addressing really important and pressing challenges. Furthermore there are a number of local initiatives under implementation in Central Asia that do not always take into account the general development trends of international trade and transport communications.

In the existing circumstances OSCE can and should become the platform for the cooperation of both international organizations and programs and national governments and the coordination of their efforts in the implementation of transport projects in the CAR. To proceed to practical actions in this area one needs to address three main tasks:

1. Identify key problems of the transport sector in the CAR;
2. Identify the main initiatives in the area of transport currently under implementation in the CAR;
3. Formulate proposals in relation to possible areas of cooperation of international organizations, development institutions and national governments and the coordination of their efforts in the implementation of transport projects in the CAR on the platform of OSCE.

1 Challenges in the area of transport in the CAR

Economic development rates of the SPECA economies vary as shown on Figure 1. At the same time foreign trade in goods of these countries has been growing rapidly for a number of years (Appendix A) albeit with prevalence of a limited number of raw materials in their export structure³ and concentration of trade in a few of countries.

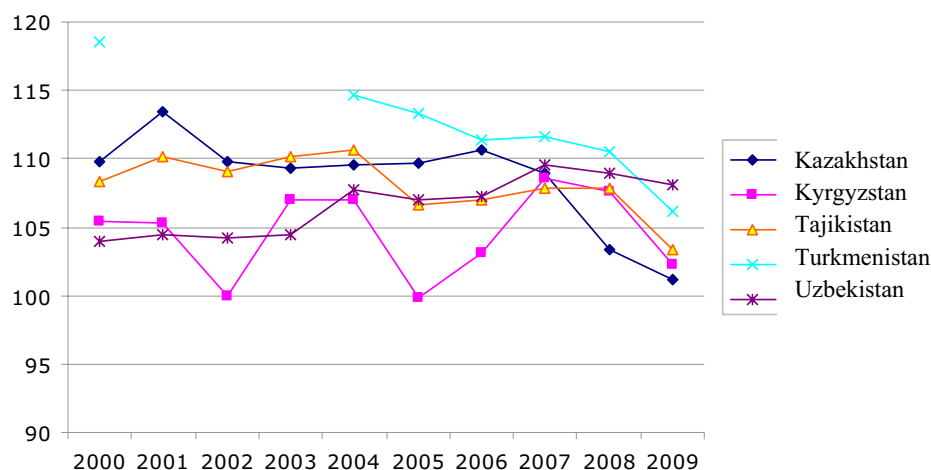


Figure 1 GDP rates in the CAR countries

For the landlocked CAR countries liberalization of foreign trade policy and regional cooperation in the area of transport and transit are of special importance.

As numerous studies show the liberalization of trade policy between any two countries that have no common borders does not lead to any significant increases of bilateral trade if the movement of vehicles and goods through third countries is complicated due to the drawbacks in transport and customs infrastructure and non-physical barriers. Thus transit is the key issue for the landlocked CAR countries.

At the core of the transit and transport potential of the CA republics lies a network of roads and railways with a system of border crossings giving access to the territories of neighboring countries as well as international sea trade ports of Aktau and Turkmenbashi.

The basic CAR transport network was built back in the Soviet times without much regard to the borders of individual republics that back then were only of administrative importance. At the same time it was predominantly orientated towards Russian Federation whereas transport linkages with the neighboring foreign states, such as Afghanistan, India, Iran, PRC, Pakistan and Turkey were underdeveloped. With the collapse of the USSR Central Asian republics started searching for opportunities to expand their trade and transport linkages in the eastern, southern and south-western directions. However limited financial resources and lack of harmonization of national projects inhibit this process.

The Soviet-built infrastructure of railways and roads is nowadays significantly worn out and otherwise obsolete which is of great detriment to the speeds and traffic safety.

The main operating indicators of the CAR countries' railways are shown in Table 1. While the length of the railways is rather high, the CAR republics are behind such countries as Vietnam

³ The main export commodities include mostly raw materials including energy commodities, agricultural products, mining products and semi-finished products.

and India in their density, to say nothing of Western European countries. Low network density leads to increased travel distance of goods and consequently higher costs of transportation.

The main problem of the locomotive stock and inventoried freight car stock is their high level of wear and tear. For example in Kazakhstan the wear level of freight car stock reaches 72% whereas 29 thousand cars or 60% of the inventoried stock have been in use for more than 20 years. In Uzbekistan the wear level of the freight car stock reached 70% as of January 1 2008.

But whereas in Kazakhstan certain conditions are being created for the development of competition in the railways sector, in particular through the appearance of private stocks of freight cars⁴, in other CAR republics that have not yet started reforming their railways, the problem of stock wear may become even more acute in the absence of state financing.

Table 1 – the CAR countries’ railways’ main indicators⁵, 2008

Countries	Area of the country, thousands of square kilometers	Population, millions of persons	Length of railways			Traction rolling stock					Passenger coaches	Motorized and trailed coaches	Freight cars
			Total, km	Electrified lines		boiler engines	diesel engines	electric engines	diesel trains and diesel cars	diesel trains and diesel cars			
				km.	%								
Kazakhstan	2717	15,8	14205,4	4143,5	29,2	30	1127	595	10	77	2060		94898
Kyrgyzstan	198,5	5,3	417,2		0,0	2	49				447		2101
Tajikistan	143,1	7,4	616		0,0		55				345	9	2404
Turkmenistan	488,1	5,2	3095,1		0,0		352				485		14125
Uzbekistan	447,2	27,6	4229,6	589	13,9		253	57		19	693		23464
Total	3993,9	61,3	22563,3	4732,5	21,0	32	1836	652	10	96	4030	9	136992

A peculiar feature of the CAR railway network is the large share of single-track sections. This is a serious drawback – first and foremost because these sections with their limited throughput capacity are there to serve the purposes of transit, domestic and export-import transportation. At the same time these single-track sections are having a negative impact on the speed of transportation, which will become an even greater concern considering the growing traffic.

Of serious concern is the state of artery transport infrastructure that suffers from progressive wear and tear. The system of planned preventive maintenance system in the CAR countries which collapsed in the 1990s was never restored.

Taking into account the current state of the railway infrastructure in the CAR countries and the challenges they are facing in attracting transit transportation, the following are the strategic areas of investment activities for the nearest future:

- rehabilitation and modernization of the existing infrastructure to improve its reliability and quality of operations and ensure the necessary throughput capacity;
- construction of new railways optimizing the throughput of transit flows;

⁴ At present there are approximately 190 companies in Kazakhstan that have their own freight cars. Since 2002 the freight car stock of independent owners grew by almost three times or by more than 24 thousand cars whereas inventoried stock shrank by 17,6 thousand cars (considering decommissioning and replacements).

⁵ Source: OSJD bulletin of statistical data on railway transport as of 2008, Warsaw, 2009

- accelerated introduction of modern information and satellite technologies aimed at the improvement of the use of transport infrastructure and the development of transit and transport capacity.

It appears reasonable for the countries of the region to undertake certain organizational measures aimed at the creation of coordinating entities (following the experience of Transsib) that would initiate and control the gradual performance of works targeted at technical and technological improvement of the conditions for transit transportation in the region.

The main obstacle for further development of the road transport and the improvement of its efficiency (also in the area of transit) is currently the “road factor” which boils down to the gap between the actual operational status of the roads and transport needs. Most of the roads in the CAR fall into the III category or below. According to the information of the Ministry of transport and communications of the RK as of January 1 2010 the total length of national highways in good condition accounted for only 32% of the total length with 45% - in satisfactory condition. Of the 4300 kilometers of surveyed roads in Kyrgyzstan two thirds were in very bad condition. Structurally one fifth of the survey roads were at such a stage of deterioration where restoration of the asphalt surfacing would be practically impossible⁶.

The bad quality of the road surface is one of the reasons of the high level of traffic accidents⁷, increased consumption of fuel and lubricants, excessive rolling stock repair and maintenance costs and low commercial speeds of cargo delivery.

The main reason of unsatisfactory operational condition of roads is the insufficient financing of their maintenance and repairs. The increased maximum permissible axle load also contributes to the deterioration of roads. Unfortunately CAR countries still lack a single standard of permissible parameters and dimensions of road vehicles⁸.

Studies conducted under an assignment from the European commission on the issue of “Implications of adaptation of rules and dimensions of road vehicles, envisaged by Directive 96/53/EU” have shown that the use of longer and heavier road vehicles makes it possible to significantly increase the efficiency and safety of road transportation which is important in the circumstances of growing cargo traffic. A concept of the European modular system (EMS) was developed which boils down to linking the existing stocks of road vehicles to ensure greater throughput capacity per vehicle or adaptation of the stocks of road vehicles to various local facilities, combinations of different types of transport and commercial situations⁹.

For several years now modular long supersize road trains have been used for international transportation pursuant to special permissions from Sweden and Finland to Russia – to St. Petersburg and Moscow. However the transport legislation and technical norms of the CIS countries including the CAR republics are not prepared for the appearance of such road vehicles. To introduce modular systems one should not only change the requirements for road vehicles and rules of transportation, but also the parameters of the road infrastructure (for example,

⁶ Road development program in the KR for 2009-2011.

⁷ see UNECE Transport Review First edition, November 2008

In 1998 – 2008 15986 traffic accidents occurred on the roads of Tajikistan, 4682 people died, 18948 people were injured. In Kazakhstan in 1999-2008 137 551 traffic accidents occurred, 30074 people died, 164768 were injured. In Kyrgyzstan in 2001-2005 16640 traffic accidents occurred, 4110 people died, 19997 were injured.

⁸ For example, in Kazakhstan and Uzbekistan the road surface loads from three-axle trucks with coupled wheels exceed the parameters established in other countries of CA and the CIS and reach 22,5 tons with a distance of 2,7 meters between two outermost axles. In Tajikistan and Kyrgyzstan and other CIS countries this indicator does not exceed 21 tons. There are difficulties in the values of laden weights of five-axle and six-axle road trains. More detailed information is contained in TRACECA project’s concluding report «Development of Coordinated National Transport Policies of the Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan, Republic of Turkmenistan, Republic of Uzbekistan», EuropeAid/122076/C/SER/Multi, 2009

⁹ IRU annual report 2010

widening the sections for rest stops of crews and inspections of road trains along the highways) and logistical facilities (terminals, loading and unloading docks for the road trains etc.).

To identify opportunities for the practical application of road trains in the transportation between Europe and the CAR countries and point out the bottlenecks of the road infrastructure one could recommend the IRU to organize test runs of such road trains.

Thus the list of mandatory prerequisites for the improvement of both domestic and international transportation in the CAR countries includes maintenance of the roads to avoid their excessive wear (among other things by ensuring timely preventive maintenance and repairs, disallowing vehicle overloads in the course of transportation of divisible cargoes etc.), their phased rehabilitation and modernization up to the modern requirements as well as the harmonization of technical requirements of the road vehicles and the road infrastructure on the basis of international standards of the EU and UNECE¹⁰.

It appears that the time has come to revisit the Agreement on weights and dimensions of road vehicles involved in interstate transportation using the roads of the CIS participating states (Minsk, June 4 1999) taking into account the requirements of EU Directive 96/53 as well as the outcomes of studies on the issues of application of modular systems, impact of pneumatic suspension axle loads on the road surface etc.

Along with the rehabilitation and modernization of the road network of no less importance in the area of infrastructural improvements of the road transport potential is the construction of the necessary roadside service facilities.

Studies of the service level along the main CAR road routes have shown that even along international routes one can find predominantly small technical service stations that lack the necessary capacity and modern equipment and do not provide all types of repair services. As a rule they specialize on offering services to passenger cars and on certain sections the distance between such stations exceeds the prescribed minimal distances by several times.

The situation with the creation of the relevant resting conditions for the carriers is even worse. On some regional corridors the actual number of motels and camping sites is almost 2 times below the prescribed norm which has a negative impact on traffic safety and prevents the drivers from complying with the requirements of the European agreement on the work of road vehicle crews involved in international road transportation. The main reason of the low rate of construction of motels and camping sites is the need for large investments and low rates of return.

It appears that the development of the road sector in the CAR is closely related to the application of public-private partnership mechanisms (PPP), in particular in the area of concessions. At the same time calculations show that the use by the concessioner of additional sources of income from roadside service facilities and advertising (renting out areas for technical stations, filling stations and income from billboards) makes it possible to significantly improve the aggregate outcome and other commercial feasibility indicators for road infrastructure facilities.

Despite the fact that from the day of independence the CAR republics have achieved significant progress in formulating the legislative framework for the transport sector, a lot remains to be done. The current national legislations frequently suffer from significant discrepancies and differences leading to serious problems in the movement of vehicles and cargoes over the borders and across the territories of the CAR republics.

¹⁰ In 2006 Kazakhstan introduced a new road standard which sets the maximum load on a single axle of 130 kN for international highways. Uzbekistan is also in the process of revising similar standards and the maximum permissible single axle load will be at least 11,5 tons.

The development of all types of transport and their operations on the international scale are currently dependent almost exclusively on multilateral conventions. However CAR countries have not joined many of the international treaties and conventions in the area of transport (Table 2).

Table 2 – Accession status of the CAR republics to international treaties and UNECE conventions

№	International treaties and UNECE conventions	Kazakhstan	Kyrgyzstan	Tajikistan	Turkmenistan	Uzbekistan
1	Convention on road traffic (1968)*	x	x	x	x	x
2	Convention on road signs and signals (08/11/1968)	x	x	x	x	x
3	Convention on the agreement on international road transportation of cargoes (CIRTC, 1956)*	x	x	x	x	x
4	Customs Convention on the Temporary Importation of Commercial Road Vehicles, (1956)*		x			x
5	Customs Convention on the International Transport of Goods under Cover of TIR Carnets (1975)*	x	x	x	x	x
6	International Convention on the Harmonization of Frontier Controls of Goods (1982)*	x	x			x
7	Customs Convention on Containers (1972)*	x	x			x
8	European Agreement supplementing the Convention on Road Traffic (1971)					
9	European Agreement supplementing the Convention on Road Signs and Signals (1971)					
10	European Agreement concerning the Work of Crews of Vehicles engaged in International Road Transport (AETR, 1970)	x			x	x
11	Customs Convention on the Temporary Importation of Private Road Vehicles (1954)					
12	European Agreement concerning the International Carriage of Dangerous Good by Road (ADR, 1957)	x				
13	Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be used for such Carriage (ATP, 1970)	x				x
14	European Agreement on Main International Traffic Arteries (AGR, 1975)	x				
15	European Agreement on Main International Railway Lines (AGC, 1985)					
16	European Agreement on Important International Combined Transport Lines and Related Installations (AGTC, 1991)	x				
Notes:						
* Conventions recommended by the UNESCAP Resolution 48/11						
x Final signing, ratification, accession						

The legal framework currently governing international road transportation of cargoes between and among the CAR countries consists of bilateral intergovernmental agreements on international road transportation that usually prescribe permit-based entry and travel (Table 3) which in itself is an additional administrative barrier.

Table 3 – Bilateral intergovernmental agreements on international road transportation between the SPECA countries

	Kazakhstan	Kyrgyzstan	Tajikistan	Turkmenistan	Uzbekistan
Kazakhstan	-	X*	X*	X***	X**
Kyrgyzstan	X*	-	X**	X***	X**
Tajikistan	X*	X**	-	X***	нет
Turkmenistan	X***	X***	X***	-	X***
Uzbekistan	X**	X**	no	X***	-

* permit-free procedure of bilateral and transit transportation of cargoes and transportation to/from third countries
 ** permit-free procedure of bilateral and transit transportation of cargoes
 *** permits required for all types of international road transportation

Imperfection of the transit systems is the factor constraining the development of road transportation in the CAR. The main road transit system in use in the CAR countries is the TIR system (Figure 2). However the advantages of this system cannot always be capitalized on due to the problems with border infrastructure, failure of customs authorities to follow the rules and corruption. Even if the advantages of the TIR system were fully realized, its use for short-distance transportation would not be as profitable due to high fixed costs. Of the successful initiatives on the development of regional transit systems one could mention only the Agreement between the Government of the Kyrgyz Republic and the Government of the Republic of Kazakhstan on the transit road transportation of goods through the territory of the Republic of Kazakhstan which was signed in Bishkek on March 23 2004 (became effective on May 11 2005). This Agreement set forth the mechanism of application of financial guarantees to ensure transit transportation by Kyrgyz road vehicles through the territory of Kazakhstan.

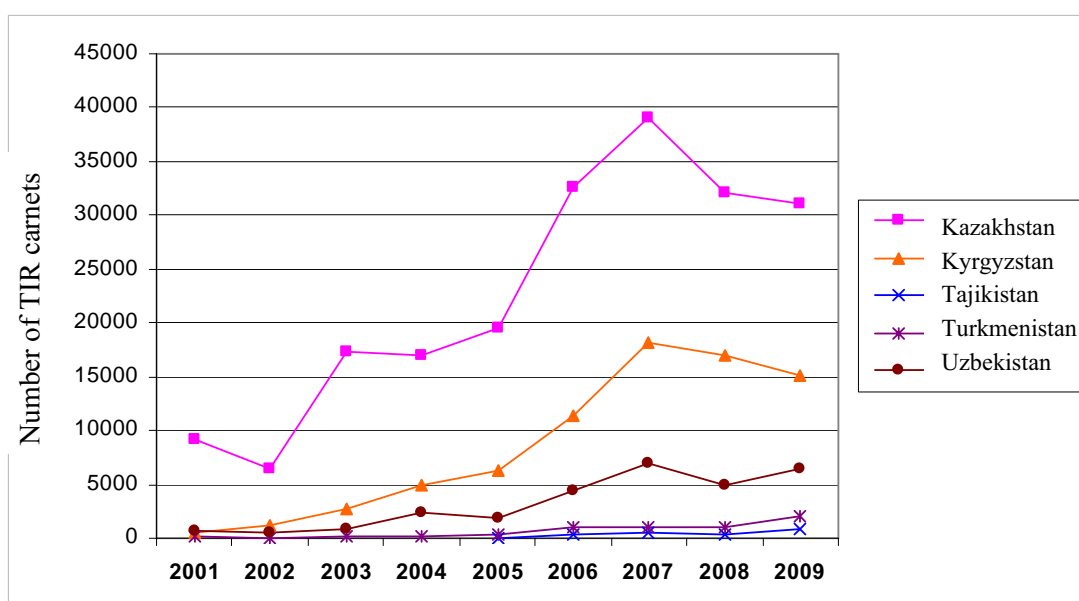


Figure 2 Number of TIR carnets handed by the IRU to the CAR national associations

The characteristic features of non-physical barriers to international road transportation are the significant financial and time costs that the carriers incur when crossing the border. In the light of this of special interest is the analysis conducted by the Kazakh Forum of Entrepreneurs within the framework of the program on assessment of transport and trade facilitation indicators along the transport corridors of Central/South Asia (TTFPM) – see the World Bank report “Performance measurement of trade and transport corridors in Central and South Asia”, 2009.

At present several types of control are carried out at road border crossing points in the CAR countries – border, customs, transport, sanitary, veterinarian and phytosanitary controls (the latter two on a need basis).

Only in Kazakhstan the legislation sets forth that all controlling agencies are to be located in the same building¹¹. The republic is also undertaking practical steps to reduce the number of controlling agencies at the border and delegate the transport, sanitary and epidemiological, veterinarian and phytosanitary controls to the customs authorities.

The legislations of the CAR countries contain norms that set forth that the duration of stay of a vehicle at the border crossing point should be minimal but nowhere does it define the time necessary to pass every type of control.

One of the sources of administrative impediments to international road transportation is the requirement on mandatory liability insurance of the owners of road vehicles by national insurance organizations. It is common knowledge that an automobile is a source of increased danger and its owner must bear the liability for damages to the health and property of victims of traffic accidents even if it is not their fault.

A solution to this problem could involve the establishment of a regional insurance system, the “White Card” in EurAsEC, or the accession of the CA republics to the Agreement on mutual recognition of the “Green Card” policy. However any concrete decision must be preceded by a thorough examination of all conditions and possible implications.

And finally one more significant barrier to international road transportation in the CAR is the low level of regularity and consistency of road vehicle fees and payments as well as broad application of customs escorts.

2 An overview of initiatives in the area of transport currently under implementation in the CA region

2.1 General overview

The CAR countries are members of a number of regional associations and programs (Table 4) under the auspices of which certain efforts are being undertaken to develop the transport sector in the region and eliminate physical and non-physical barriers to international trade. At the same time geographical duplication of organizations and initiatives and partial overlap of their objectives have led to the appearance of quite a complicated structure of technical and financial assistance in the CAR.

¹¹ Kyrgyzstan has developed the “Requirements for the construction (reconstruction) of road crossing points at the state border of the KR” (enacted by a decree of the Government of the KR No 587 of December 13 2007). According to this document during the design of a border crossing point upon endorsement of the customs authorities one may envisage an opportunity to use individual sites, buildings and equipment jointly with the other controlling authorities.

Table 4 – Membership of the CAR countries in international, regional and intergovernmental associations, involvement in international cooperation programs in the area of transport

	International organizations, regional associations				Regional cooperation programs			
	CIS	SES	EurAsEC	SCO	CAREC	TRACECA	BOMCA	SPECA
Kazakhstan	+	+	+	+	+	+	+	+
Kyrgyzstan	+	-	+	+	+	+	+	+
Tajikistan	+	-	+	+	+	+	+	+
Turkmenistan	+ ¹²	-	-	-	-	-	+	+
Uzbekistan	-	-	+	+	+	+	+	+

As members of the UN, CA republics cooperate fruitfully with its regional commissions – UNECE and UNESCAP. These countries are demonstrating a great interest towards the implementation of programs of international assistance to developing countries: SPECA (UN), TRACECA (EU), USAID (USA) and similar initiatives.

Of great practical use is the close professional interaction among the national railway companies and the Organization of railway cooperation (ORC) and the Council on railway transportation of the CIS and that of the associations of international road carriers with the International Road Union (IRU).

Below let us take a closer look at some of the initiatives.

2.2 ADB's Central Asian Regional Economic Cooperation support program (CAREC)¹³

The title of the most successful initiative in the area of transport in the CAR should belong to the Central Asia Regional Economic Cooperation program (CAREC), initiated in 1997 by ADB playing the role of the Program's secretariat.

CAREC membership includes Azerbaijan, Afghanistan, People's Republic of China (Xingjian-Uygur Autonomous Region), Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan and Uzbekistan. Russia and Turkmenistan have been invited to participate in the program. In 2003 CAREC was joined by such financial institutions as the European Bank for Reconstruction and Development, International Monetary Fund, IsDB, UNDP and the World Bank as donors.

By way of financing regional infrastructural projects and efforts aimed at the improvement of the political climate CAREC is aimed at the implementation of projects using a two-tier approach:

- tier one – transport, energy and trade;
- tier two (new sectors to be covered) – human development, environment, agriculture and tourism.

A Comprehensive Action Plan (CAP) for the entire CAR was adopted for the first time. Within the framework of this plan during the 6th Ministerial Conference which took place on November 3 2007 the participants approved the CAREC Institute Prospectus and the CAREC transport and trade facilitation strategy (TTFS).

TTFS pursues three main goals: (i) creation of competitive transport corridors in the region; (ii) promotion of efficient movement of cargoes and persons over the borders; and (iii) development of safe and population-friendly transport systems. The Strategy defines six main corridors (Figure 3):

- CAREC 1: Europe – East Asia

¹² Having said this, Turkmenistan maintains its neutral status (Decision of the Council of the heads of state on the Main principles of the participation of neutral Turkmenistan in the CIS).

¹³ <http://www.adb.org/CAREC/transport.asp>

- CAREC 2: The Mediterranean – East Asia
- CAREC 3: Russian Federation – Middle East and South Asia
- CAREC 4: Russian Federation – Xingjian-Uyghur Autonomous Region, PRC
- CAREC 5: East Asia – Middle East and South Asia
- CAREC 6: Europe – Middle East and South Asia.



Figure 3 CAREC corridors

CAREC Senior Officials’ Meeting (SOM) which took place on April 24-25 2008 in Baku considered the main documents of the Program, namely:

- Draft Action plan on the implementation of the TTFS and the Work plan for 2009;
- Draft strategic action plan on trade policy;
- Draft Energy sector strategy; and
- Draft Work plan of the CAREC Institute for 2009-2011.

Action plan on the implementation of the TTFS¹⁴ covers a 10-year period between 2008 and 2017. The following have been defined as the key outcomes of the Plan of action:

- I. CAREC corridors improved up to 64% in 2007, up to 75% in 2012 and 100% by 2017;
- II. Transit trade between Europe and East Asia through the CAREC corridors increased; <1% in 2005 (34 million tons), 2% by 2012 and 5% by 2017;
- III. Intraregional trade increased by 25% in 2012 and by 50% by 2017;

¹⁴ <http://www.CARECinstitute.org/uploads/docs/CAREC-TTF-Strategy-Implementation-Action-Plan-ru.pdf>

- IV. Time necessary to cross the borders along CAREC corridors reduced by 50% compared with 2007 in 2012 and by a further 30% in 2017;
- V. Efficient operations of the national committees on transport and trade facilitation or similar organizations in every CAREC member country for the management of CAREC corridors by 2012.

The Action plan on the implementation of the TTFS envisaged 62 investment projects with a total value of 21,1 billion USD as well as 65 technical assistance projects with a total value of 68,5 million USD (development of feasibility studies for potential investments and advisory support for planning, transfer of technical knowledge or institutional capacity building).

Investment projects and technical assistance projects support the following three aims of the Strategy:

- I. Creation of competitive corridors in the CAREC region (elimination of four main impediments: (i) oddness of the regional transport network and deteriorating infrastructure, (ii) high financial costs and time costs during transportation, (iii) limited volumes of intraregional and transit trade, (iv) insufficient financing of corridor maintenance activities);
- II. Facilitation of transportation along CAREC corridors and over the border crossing points (reforms and modernization of the customs system, effective operations of the national transport and trade facilitation committees, development of regional logistics and private sector involvement);
- III. Development of sustainable and safe user-oriented transport and trade networks (minimization of negative social consequences and environmental impact during the development of the CAREC corridors, replacement of ageing vehicles with fuel-efficient and environment-friendlier vehicles, facilitation of border crossing by persons).

By 2009 901 kilometers of roads had been built or upgraded (10% of the total planned) which is 25% below the target of 1200 kilometers. Also 781 kilometers of railways had been completed (14% of the total planned railways) which was 35% below the target. By February 2010 of the 26 road projects 19 were at the stage of implementation, 1 was completed and 6 were planned for implementation in 2011-2017. Of the 22 railway projects 11 were in the process of implementation, 2 were completed and 9 were planned. Fifteen more projects were under implementation in other areas of transport – 5 aviation projects, 3 port projects (expansion of the Aktau port in the North of Kazakhstan and the International sea trade port of Baku in Azerbaijan will commence in 2010) and 7 projects on the development of logistics centers.

Individual initiatives within the framework of CAREC:

Creation of the relevant institutions and mechanisms

In the period between 2009 and 2010 the Program focused on the creation and strengthening of the cooperating institutions and mechanisms necessary for the successful implementation of the Action plan on the implementation of the TTFS, such as the Regional joint transport and trade facilitation committee (RJC), National joint transport and trade facilitation committees (NJC), CAREC Federation of associations of carriers and freight forwarders (FACFF).

The work on the establishment of the RJC started in the first half of 2009. This committee consists of the representatives of the NJCs and other regional associations under the auspices of CAREC (Customs cooperation committee, Trade policy coordination committee, Transport sector coordination committee and the FACFF). The purpose of the RJC is to coordinate the implementation of the TTFS Action plan and to address issues of common interest in relation to the elimination of barriers to transport and trade in the CAREC region.

The purpose of the FACFF is to engage the private sector in the achievement of the TTFS objectives. The first meeting of the association where its Constitution and Procedures were adopted took place on March 1 2010 in Almaty.

Monitoring and performance measurement of CAREC corridors (CPMM)

Regular collection and analysis of data is performed under the CPMM agenda within the framework of CAREC in relation to transport and border crossing with the use of the following indicators:

- time necessary to cross the border;
- costs incurred in relation to crossing the border;
- speed of travel along a CAREC corridor section;
- costs incurred during the travel along a CAREC corridor section.

Some of the outcomes of CPMM¹⁵:

- waiting at border crossing points for approximately 14 hours for road transportation and 11 hours for railways is the main reason of delays;
- road transportation costs come up to 58% of the total costs with the cost of activities reaching 42% ;
- for both road and railway transportation the main cost item is escort;
- use of TIR carnets significantly reduces the time of customs clearance albeit at a greater cost.

CPMM will go on for at least 5 years with its quarterly results used to study seasonal fluctuations and draft average annual indicators.

Regional investment project on the “Improvement of border crossing points and single window development”

This project emerged as ADB’s response to the preliminary outcomes of the CPMM that pointed at the border crossing points as the bottleneck in the regional transportation system. It is assumed that the project will include improving the infrastructure of border crossing points, developing auxiliary services in the area of trade logistics close to the border crossing points, supporting the development of the National single window systems (NSWs) and supporting the development of a regional platform to ensure interaction among the NSWs.

CAREC customs cooperation

Customs cooperation committee (CCC) is the main platform in the CAR for the initiatives in the area of customs cooperation, in particular joint customs control, application of “safe-packets”, customs authorities’ capacity building etc.

Transportation agreements between countries (Kyrgyzstan and Tajikistan)

Key elements of the Transportation agreement between the countries include simplification and harmonization of trade procedures and regulations between the countries. During the 4th negotiations meeting in March 2010 Kyrgyzstan and Tajikistan reached an agreement on most of the Agreement. It is assumed that this document will be signed at the 9th CAREC Ministerial conference in October 2010.

¹⁵ Progress report and the Work plan on joint regional transport and trade facilitation (November 2009 – March 2010), CAREC.

The following could be said about CAREC. This is one of the few initiatives in the CAR that enjoy stable and sufficient financing contributing to the fairly successful achievement of the declared objectives. Of interest is also the systemic and comprehensive approach of CAREC to the development of transport and trade – from the improvement of transport networks, border crossing points and the development of technologies to the establishment of the necessary national and regional structures. At the same time it is noteworthy that CAREC has a strictly delineated geographical framework (development of transport and trade linkages within the CAR and with other Asian countries). It appears that this limitation does not fully serve the economic interests of Central Asian states whose trade is significantly geared towards Russia, Ukraine and Western European countries (see. Appendix 4).

2.3 EU program on the development of Europe – Caucasus – Asia transport corridor (TRACECA)¹⁶

EU TRACECA program is a targeted intergovernmental program summoned to support the political and economic development in the Black and Caspian Sea regions, the Caucasus and Central Asia by improving the international transport system. The aims of this program were first formulated at the Brussels conference in 1993 (the Brussels declaration) attended by the ministers of trade and transport from Armenia, Azerbaijan, Georgia and 5 Central Asian republics – countries that formed the core of TRACECA. At the conference a decision was made to implement a technical assistance program funded by the EU to develop the West-East transport corridor from Europe over the Black Sea, through the Caucasus and the Caspian Sea to Central Asia (Figure 4).

Today the Program brings together 13 countries (three European countries, three Caucasian republics and five CA republics) whose purpose is to improve trade and transport along the TRACECA corridor by means of:

- promoting cooperation among the participating states in the area of trade development in the region;
- ensuring optimal integration of the TRACECA international transport corridor into the Trans-European Transport Networks (TENs);
- identifying factors inhibiting the development of trade and transport systems;
- implementing TRACECA projects as a means of attraction of resources of international financial institutions and private investors.

In September 1998 the Heads of Governments of 12 countries signed the “Basic multilateral agreement on international transport and the development of the Europe – Caucasus – Asia corridor” (BMA) as well as Technical annexes to it - on international road transport, international commercial shipping, customs procedures and documentation processing, - thus creating the legal framework for the activities of TRACECA. Azerbaijan, Armenia, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey, Uzbekistan and Ukraine are currently parties to the BMA. Turkmenistan is a participating country of TRACECA but it is not a party to the BMA. On May 4 2009 the BMA was also ratified by the Islamic Republic of Iran.

The following institutional structures were established on the basis of the BMA:

- in 2000 – TRACECA Intergovernmental commission (IGC) consisting of high-level officials from the participating states or their authorized persons (deputy prime-ministers in charge of transport, Ministers of transport and/or foreign affairs). The IGC manages

¹⁶ <http://www.traceca-org.org>

the activities of the executive body, makes the decisions in relation to the annual action plans, amendments to the BMA, tasks for the working groups and recommendations and other activities/topics in relation to TRACECA;

- in 2001 TRACECA IGC Permanent Council was established as the IGC's executive body, located in Baku (Azerbaijan). The Permanent secretariat has its permanent representative offices in every participating country.

Based on the provisions of the BMA, in 2006 the TRACECA participating countries developed approaches to the region's further development and the construction here of a sustainable, efficient and integrated multimodal transport system by 2015 (Sofia conference of the IGC, May 2006). At the same time such a system must ensure the exchange of goods both between the European Union and TRACECA participating countries and within the TRACECA region. The proposed approaches were expressed in the TRACECA IGC Strategy.

To date 64 technical assistance projects have been implemented in the TRACECA region with the support of the European Commission with a total cost of more than 115,8 million euro as well as 15 investment projects totaling 54,3 million euro. These resources were targeted at the harmonization of the legislative frameworks, simplification of border crossing procedures, improvement of the tariff policy, institutional strengthening of the trade and transport sectors, training of managers and the development of individual transport infrastructure facilities.

The following technical assistance projects are currently under implementation in the CAR:

1. "Strengthening the cooperation within training programs in the transport sector" with a budget of 2 million euro. Goal of the project – promotion of training of highly qualified and competent staff for the transportation sector through the development of programs and training methods”;
2. "Transport dialogue and networking between the European Union, neighboring countries and Central Asian countries" with a budget of 7 million euro. The most important objective of this project is to develop the structure and strengthen the role of the TRACECA program to increase its contribution to the establishment of a sustainable, efficient and integrated all-purpose transport in the region. In particular, the project is undertaking concrete efforts to transform the TRACECA IGC into an international organization, reform the Permanent Secretariat, and ensure their further cooperation with the EU and the European Commission etc. Yet another area of the project's activities is to build a list of priority transport projects on the basis of the developed methodology and offer assistance to the TRACECA countries in finding sources of their financing (presentations of the selected projects are being prepared for the International investment forum scheduled for autumn this year);
3. "The development of general safety management systems and the development of cooperation in the area of safety and the prevention of pollution by vessels in the basins of the Black and the Caspian Seas" with a budget of 3,5 million euro. The goal of the project is to promote international shipping of cargoes and passengers and offer assistance in ensuring public and technical safety and security of sea transport, and in protecting the environment in the Black and the Caspian Seas region;
4. "TRACECA project on safety and security in civil aviation" with a budget of 5 million euro. General goal of the project – ensuring safety and security of air transportation in the TRACECA countries according to the international and European civil aviation standards;
5. "Sea arteries on the Black and the Caspian Seas" with a budget of 2446 thousand euro. Aim of the project – promotion and support of efficient intermodal cargo transportation in accordance with the "Sea arteries" concept connecting the countries of the Black and the Caspian Seas with the territory of the enlarged EU;
6. "Safety of land transport in the TRACECA countries" with a budget of 3 million euro. Goal of the project – improving transport safety and reliability in the EU neighboring countries and in the CAR countries in accordance with the European standards in the area of land transport;

7. “International logistics centers for Central Asian countries” with a budget of 2 million euro. The project is intended to reduce transportation costs and improve the efficiency of TRACECA transportation links in the CAR through the development of logistics centers.

As CAREC, TRACECA is characterized by the application of a systemic approach to the problems in the transport sectors in the IGC participating countries. However there is a need for further development of the principles and objectives set forth by the IGC. In these circumstances it would be reasonable to develop a standing body that would be able to continue, initiate and guarantee the implementation of new ideas. Best suited for this task would be an International organization established on the basis of the existing TRACECA structure.

The International organization would be a subject of international law and have the legal capacity necessary to achieve the defined aims and tasks as well as international rights and obligations that would allow it to be involved in international cooperation.

Being a subject of international law, the international organization would become an independent entity with its own charter, capable of issuing its own acts and setting norms to be followed by the participating states. Being a subject of international law the International organization would be capable of engaging independently in cooperation arrangements with other states, regional or international organizations and various institutions. This would generate greater opportunities to establish direct partnerships aimed at the cooperation with the donor organizations, development partners, investors, international organizations and financial institutions by signing of relevant agreements.

2.4 Initiatives of the Eurasian economic community (EurAsEC)

The Eurasian economic community (EurAsEC) established in October 2000 that brings together the Republic of Belarus, Russian Federation and four Central Asian republics (Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan) is the successor of the Customs Union formed in 1995. The Community was established to ensure the dynamic development of its member states by bridging social and economic transformations along with the effective use of their economic potentials in the interests of improved living standards of their peoples. Conceptually EurAsEC is based on the basic model of economic integration developed and implemented in the EU.

The main area of activities of EurAsEC is the formation of a common economic space on the territory of the Community (Agreement on the formation of a Common Economic Space of September 19 2003 was ratified by Kazakhstan on April 28 2004) including the creation of a Customs Union and a Common Economic Space (CES).

Economically the process of creation of the CES envisages:

- elimination of physical and non-physical barriers to the transportation of vehicles, passengers and cargoes;
- liberalization of the market of transport services;
- ensuring equal competitive conditions for operators;
- development of proposals on the harmonization of the regulatory framework on tariff regulation in the transport sectors of EurAsEC member states;
- implementation of joint programs on the development of transport infrastructure and joint use of transit and transport potential of the Community’s member states.

Individual activities on the formation of the EurAsEC’s Common Economic Space for 2009-2010 were approved by a decision of the EurAsEC Integration committee of February 26 2009 No 994.

To improve the mechanisms of setting the through rates for the transportation of cargoes by railways of EurAsEC member states, in May 2006 heads of governments approved the General principles of formation and application of railway tariffs for the transportation of cargoes between railway stations of EurAsEC member states and the Procedure of setting reducing coefficients and through tariff rates for the transportation of cargoes between such stations. All countries of the Community have completed domestic procedures necessary for the above documents to become effective – Kazakhstan was the last country to do so by undertaking the relevant obligations on December 3 2008.

Beginning from January 1 2007 the international weighing certificate for cargo vehicles has been put in use across the territories of EurAsEC member states leading to the reduction of idle time in the process of crossing the borders of the Community's member states brought about by their numerous weighing.

According to the Decisions No 94 of September 25 2009 and No 106 of October 21 2009 by the Customs union commission, the function of transport control was moved to the outermost borders of the single customs territory (Russia, Kazakhstan and Belarus).

By a decision of the EurAsEC Interstate Council at the level of the heads of governments of April 18 2007 the governments of the member states were assigned to recommend their customs and transport authorities to use a single transport document (ICTA waybill) as the customs document to be used in transit transportation of cargoes across the territories of the Community's member states. Its use is envisaged by the international Convention on the procedures of international customs transit on railways. Provisions of this convention are already applied in the Republic of Belarus and Russian Federation whereas Kazakhstan started the domestic procedures to accede to the abovementioned convention.

In December 2006 the Transport policy council under the EurAsEC integration committee defined the List of international agreements and conventions in the area of transport and communications recommended for accession by EurAsEC member states to ensure consistent integration of national transport complexes in the global and European transport systems and the realization of the transit potential of EurAsEC member states.

Within the framework of implementation of the Agreement on the implementation of the agreed policies on the formation and development of EurAsEC transport corridors (approved by a decision on the EurAsEC Interstate council of March 24 2005) certain efforts have started on the analysis of the technical condition of the roads and railways of EurAsEC member states included in the list of the Community's transport routes (Appendix B) and on elimination of barriers in international road transportation.

To study the technical condition of EurAsEC road routes the Concept of the 1st Eurasian motor rally was approved, devoted to the 10th anniversary of the formation of EurAsEC. It is assumed that it will take place in the second half of 2010.

In this context of the greatest interest is the information about the course of implementation of the Decision No 511 of September 26 2005 "On the work undertaken in the EurAsEC member states on the elimination of barriers in international road transportation". To fulfill the abovementioned decision there is an ongoing monitoring of the elimination of the identified barriers in international road transportation.

Jointly with the Council of the heads of customs services of EurAsEC member states works have started on the preparation of an intergovernmental document on customs carriers. Within the framework of this effort the Council has approached the IRU with a request to organize a review of

the violations of the provisions of the TIR Convention in carrying out international road transportation and the practice of application of Article 23 of this Convention on the exceptional use of customs escort in relation to vehicles involved in international transportation using the TIR procedure by the customs authorities of EurAsEC member states.

Special attention should be given to the efforts on harmonization and unification of the legislation undertaken within the framework of EurAsEC. Currently the Secretariat of the EurAsEC Integration commission is forming a List of basic EurAsEC documents in the sphere of transport which should include all international treaties signed by the countries of the Community in relation to all types of transport. This document is intended for the implementation of the 1st phase of the Concept of the formation of a Common Economic Space of the Eurasian Economic Community as applicable to the task of harmonization of the transport legislation of EurAsEC countries. (Decision of the EurAsEC Interstate Council No 374, 2008). For these purposes it is planned to perform a scientific and practical review of documents included in the list to establish the current level of harmonization and unification of EurAsEC transport legislation and prepare proposals on the need to develop and sign new joint documents of the Community in the area of transport.

It is noteworthy that comparative legal reviews within the framework of EurAsEC are carried out in a planned manner. There is an ongoing effort on the collection of data for a comparative analysis of regulatory legal acts of EurAsEC member states as applicable to the access of transport operators (companies) from one of the Community's countries to the opportunities to offer commercial services on the territory of another member state including auxiliary and additional services.

It appears that one of the bottlenecks in the activities of EurAsEC is the absence of sources and an established mechanism of project financing. Let's take a look at the following vivid example: at its 15th meeting that took place in Moscow on December 2 2008 the Transport policy council under the EurAsEC Integration committee approved draft Terms of reference for the development of a "Comprehensive plan for the development of road and railway infrastructure included in the EurAsEC List of transport routes" and made a decision on its submission for consideration to the Eurasian Development Bank (EADB). In 2009 a principal agreement of the bank to finance the works was received but contracts with the implementing organizations are being signed only now (May 2010). Thus the commencement of works on the development of the Comprehensive plan was postponed by one year whereas the works envisaged in the Terms of reference will take at least one year to complete. At the same time a series of activities have already been planned within the framework of the EurAsEC bodies that were supposed to have been justified in the Comprehensive plan, such as the preparation of the list of investment projects on the establishment and development of transport infrastructure along the EurAsEC routes and on the preparation of recommendations on improving the roadside infrastructure etc.

2.5 Joint UNECE and UNESCAP project on the development of Euro-Asian transport links¹⁷

5 regional UN commissions participate in this project, namely UNECE and UNESCAP, UNESCSA, UNECLAC and UNECA. The project component related to UNECE and UNESCAP was conceived as a follow up to the development of the document "General strategic position of UNECE and UNESCAP on Euro-Asian transport links".

The goal of this project is to offer assistance to member countries in building their national capacity necessary for the development of interregional land and combined land and water transport linkages and to provide an assessment of the expected impact of these linkages on the regions' development.

¹⁷ <http://www.unece.org/trans/main/eatl/background.html>

All Central Asian republics were invited to take part in this project including also Azerbaijan, Armenia, Afghanistan, Belarus, Bulgaria, Georgia, Islamic Republic of Iran, China, Moldova, Russian Federation, Romania, Turkey and Ukraine.

The project's main activities include the following:

- experts from member states identified the main transport routes (railways, road (figures 5, 6) and internal waterways) between Europe and Asia¹⁸, described their current status, bottlenecks and “missing” links. A comprehensive database of the Geographical information system (GIS) was created;
- a number of major container sites, intermodal terminals and ports along the newly selected routes were identified;
- an assessment of land transport routes that may become a real alternative to the traditional sea routes was made;
- general proposals formulated in relation to possible ways of improving such potential alternative routes and eliminating the “non-physical barriers” including the simplification of border crossing procedures, trade facilitation and the establishment of national coordination mechanisms;
- prioritization (ranking) of completed investment projects on the basis of the developed methodology. Projects submitted by the member states were prioritized in four categories: projects with confirmed financing, projects with unconfirmed financing, low priority projects and projects in need of additional information for assessment purposes.

An undisputed advantage of the UNECE and UNESCAP joint project is its broad geographical coverage. Disadvantages include the lack of a permanent source of project financing.

2.6 UN Special Program for the Economies of Central Asia (SPECA)¹⁹

UN Special program for the economies of Central Asia was initiated by UNECE and UNESCAP in 1998. Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan are participating in the program at the moment.

Working groups were established within the framework of the SPECA Project in the key areas of activities with each of the countries responsible for the coordination of one of them. Following the same approach the SPECA project working group on transport and simplification of border crossing procedures (PWG-TBC) was established with Kazakhstan being the leading country in this effort.

Priorities of the PWG-TBC are:

- formalization of the road and railway network in the SPECA region on the basis of transport routes and the network defined in the international agreements and within the framework of subregional organizations;
- analysis of transport routes performance with the use of UNESCAP “time-cost-distance methodology”;

¹⁸ See “Joint study on the development of Euro-Asian transport links” of UNECE and UNESCAP, prepared within the framework of the project “Capacity building through cooperation in the development of land and land-sea interregional transport communications” financed under the auspices of the UN development account, New York and Geneva, 2008.

¹⁹ <http://unece.org/speca/Welcome.html>

- creating awareness about the initiatives in the area of transport, trade and border crossing implemented in the SPECA region and the best European practices;
- creation of the national coordination mechanisms on the simplification of trade and international transportation procedures;
- creation of conditions for bilateral consultations of the representatives of state entities of the Program's participating countries on the issues of simplification of transportation.

Within the framework of the PWG-TBC there is a constant effort to develop transport-related database on road and railway routes in SPECA, the issues of border crossing and intermodal transportation. The sources for such databases include information received from the Program's participating countries as well as data collected by various projects implemented in the CAR.

The PWG-TBC does not have its own budget for the implementation of any projects – it rather creates a regional platform for cooperation among state entities and business structures of countries participating in SPECA. Financial support for the last few meetings of the PWG-TBC was provided by the IsDB. However limited financing has had its toll on the composition of national delegations (as a rule one or two representatives from the ministry of transport or customs authorities). To improve the effectiveness of the PWG-TBC it is necessary to ensure attendance of its meetings by the main controlling agencies and identify a permanent source of financing of the efforts on the development of transport-related databases (for example, under the auspices of the Ministry of transport and communications of Kazakhstan – the leading SPECA country in the area of transport).

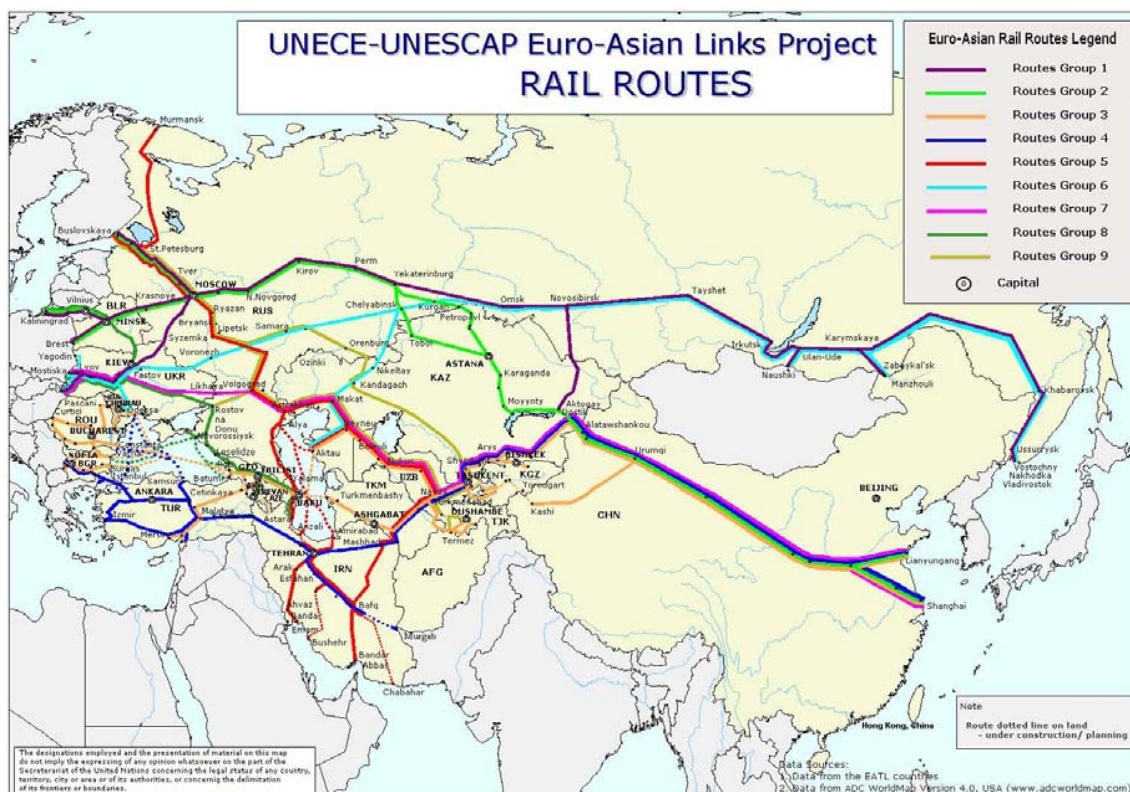


Figure 5 Railway routes of the EATC

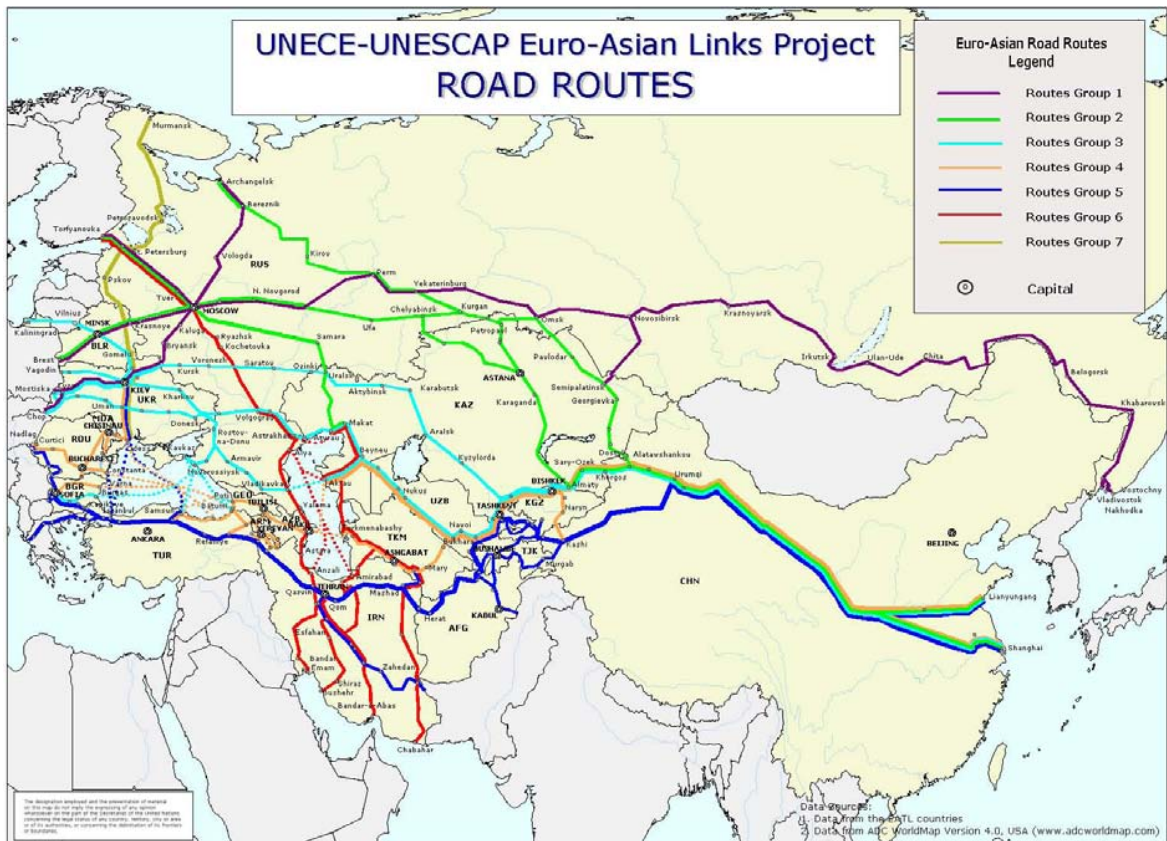


Figure 6 Road routes of the EATC

2.7 IRU Initiatives

The IRU's New Eurasian land transport initiative (NELTI)

The Purpose of the IRU NELTI project is to ensure regular road transportation of cargoes between China and Europe, promote the realization of the transit potential of Central Asian, Caucasian and other countries along the routes, increase their exports of transportation services and improve the awareness of states and business circles about the opportunities for transcontinental road transportation. The project is implemented by the IRU in close interaction with the national associations of road carriers.

The first stage of the project was officially launched on September 16 2008 in Tashkent (Uzbekistan) followed by several independent transport operators starting to carry out commercial transportation of industrial and consumer goods from Central Asia to Europe and Turkey along the Northern (6500 km), Central (5100 km) and Southern (4000 km) NELTI routes (see Figure 7). The transportation was carried out using the TIR system and monitoring was performed following the UNESCAP “time-cost-distance” methodology.

In the course of the implementation of the first stage of the NELTI project firm data was received confirming commercial efficiency of transportation between Asia and Europe including the data on freight (in the vicinity of 4-5 thousand dollars one way depending on the route), the structure of this

procedures on the basis of multilateral UNECE agreements. The Project envisages the implementation of best practices, such as the “single window” procedure and joint control of goods and vehicles during border crossing, advance electronic declarations, application of the international vehicle weighing certificate, the “green corridor” for the vehicles travelling under the TIR arrangement etc. There is a special notice of the fact that the development of trade and road transportation in the Silk Road region requires the formation of a Multilateral Investment Fund.

2.8 Border control in Central Asia. Border Management in Central Asia assistance program (BOMCA)²²

The general goal of the program is to gradually introduce modern methods of Integrated Border Management (IBM) in the CAR similar to those adopted in the countries of the European Union. IBM includes three key elements: intra-agency cooperation, inter-agency cooperation and international cooperation. Consequently the BOMCA strategy includes the following components:

- Policy advice, consultations on legal and institutional reforms: BOMCA program has established Inter-ministerial commissions and Inter-agency working groups in each of the CAR republics to acquaint key decision-makers with the options and methods of IBM implementation and initiation of the necessary legislative and regulatory reforms in the course of institutionalization of the IBM structure;
- Improving the national training capacity. BOMCA procures repair works for the training centers of border services in all Central Asian countries; introduces IBM components in the national curricula and undertakes efforts to improve the training capacity through the training of trainers with the application of best practices and expertise from the European Union.
- Promotion of trade and transit. BOMCA is involved in strengthening border security by implementing pilot projects at BCPs located on the main trade corridors in Central Asia. Country offices are responsible for the organization of design and construction works, provision of equipment and training;
- Strengthening the fight against drugs on the borders of Central Asian countries;
- Assistance to the government of Tajikistan in strengthening the central part of the Tajik-Afghan border (project “Assisting Tajikistan in guarding the Tajik-Afghan border in Gorny Badakhshan”, main components – construction and procurement of equipment to the border stations (BS) on the Tajik-Afghan border: “Sokhcharv”, “Shidz” and “Pasthuv”; repairs on border stations “Dashti Yazgulyam”, “Nulvand”, “Daraysang” and “Porshenev”).

BOMCA is one of the few projects in the CAR that includes both elements of technical assistance and direct investments in infrastructure. Furthermore, it is probably the only project working on the improvement of the operations of border services.

Despite the fact that border inspection along with the customs inspection is a mandatory and an important element of border control, representatives of this service do not participate in various initiatives on the problems of border crossing.

2.9 Initiatives of the United States Agency for International Development (USAID)

One of the significant USAID projects in the CAR in the area of transport, transit development and simplification of border crossing procedures is its Regional project on trade liberalization and

²² <http://bomca.eu-bomca.kg/ru/about/123>

customs reform (RTLTC). The project is aimed at the promotion of a more effective participation of enterprises from Kazakhstan, Kyrgyzstan and Tajikistan in the regional and global economies through the simplification of delivery procedures of their products to the markets. RTLTC jointly with the Eurasia Foundation Central Asia (EFCA) is currently financing a number of studies in the area of transport and logistics, such as:

- “Multimodal operations along the Western China – Western Europe transport corridor”;
- A study on the identification of the most widely used port handling the bulk of cargoes to and from the KR;
- “Free economic zone in Sogdiyski province – the Concept of establishment of a logistics center in the Ferghana valley”;
- “Preliminary feasibility study of the establishment of a multimodal corridor through Kyrgyzstan”;
- “Impact of the possible accession of Kazakhstan to the International Transport Forum”;
- “Assessment of the effectiveness and development prospects of multimodal corridors through Tajikistan”;
- “Guidelines for international freight forwarders in Central Asia”;
- “Report on the effectiveness of the TIR transit system in Central Asia”;
- “A review of the application of the “International convention on harmonized conditions of border cargo control (1982)” in Kazakhstan, Kyrgyzstan and Tajikistan”.

An apparent advantage of the RTLTC project is the broad involvement of public organizations and independent experts in finding solutions to regional economic and social problems. However the ultimate success of the project depends on whether the results of the completed studies, their conclusions and recommendations will be communicated to the practical decision makers.

CONCLUSIONS AND PROPOSALS

Development of the transport infrastructure in the CAR republics requires significant financial resources over a prolonged period of time. In this connection the governments of the countries in the region are facing the challenge of keeping the balance between this activity and other national priorities and relating possible economic, political, social and environmental benefits (including those within the framework of various unions) with the development interests of the entire CAR. Close interdependence of economic, transport and trade systems of the CAR countries predefine the need for coordination of programs and timeframes of implementation of infrastructural projects with the neighboring countries. It appears that the discussion of national plans and development strategies of transport infrastructures and their impact on the development of the entire CAR may become the topic of increased attention of the next OSCE economic and environmental forum.

Taking into account the efforts undertaken in the CAR in the area of identification and formalization of transport networks within the frameworks of EurAsEC, CAREC, TRACECA, EATC project, SPECA and others, the OSCE forum should focus its efforts on improving their functionality and coherence (elimination of the identified bottlenecks and filling the gaps, ensuring technological compatibility etc.).

Since the need for investments in the transport infrastructure in all CAR countries significantly exceeds the existing resources, methodologies of selection of priority infrastructural projects were developed within the framework of the Joint UNECE and UNESCAP project on EATC and the TRACECA project “Transport dialogue and networking between the EU, EU neighboring countries and CA countries”. These methodologies vary significantly, first and foremost due to the differences in goal setting and objectives. It is also planned to develop one’s own methodology within the framework of the project “Development of a comprehensive plan for the development of the road and railway infrastructure included in the List of EurAsEC transport routes”. At the same time a prospective shift of the CAR countries’ transport systems from the state of fragmentation towards a state of integration requires the development of a single approach to the ranking of infrastructural projects based on the benefits for the region as a whole, rather than individual national interests. The role of OSCE is in the promotion of this very approach in the context of ensuring economic security of the CAR.

Taking into account the important role of railways in intraregional and transcontinental transportation, it appears necessary to use the OSCE platform to discuss the opportunities of a more active financial involvement of CA states as owners of the railway infrastructure in its restoration and modernization.

Another prospective vector of OSCE’s economic activities appears to be the work on the promotion of investments in priority transport projects in the CAR, in particular by improving the dialogue between the national governments, development institutions and financial structures and discussing the problems of public-private partnership.

Creation of a regular dialogue platform on the issues of public-private partnership in the Central Asian Region under the auspices of OSCE would allow:

- to discuss current problems in the promotion of PPP mechanisms in the implementation of individual projects;
- to define priorities and gaps in the development of national legislations;
- to promote the establishment of national PPP centers with the involvement of both governments and the private sector;

- to define the issues to be tackled by such centers and their prospective strategies;
- to organize roundtables with the involvement of representatives of state, financial, consulting and academic institutions for the presentation of new projects and generation of new PPP initiatives;
- to disseminate information booklets on the legislation and priority projects in the region among potential investors and PPP participants.

The regular nature of the efforts of such roundtables and working groups of the CA countries under the patronage of a stable moderator – the OSCE – will ensure a clear, transparent and open dialogue of all parties interested in PPPs on interregional and international levels.

The development of transport and its infrastructure in particular is the foundation for correcting the development inequalities of the economies of Central Asia. This is why in the circumstances of overcoming the difficulties of the crisis and post-crisis periods and development budget deficits the initiatives of public-private partnerships should generate momentum for the stabilization of the development of all sectors.

It is well known that the development of transport infrastructure will not generate the desired outcome if one fails to eliminate the non-physical impediments to the transportation of vehicles and cargoes, and this is why this issue should be in the focus of OSCE's attention on a permanent basis. Studies of various initiatives on the issues of border crossing in the CAR have shown that their activities are frequently focused on the recording of the existing problems. One could only name a few individual current projects aimed at improving the operations of border crossing points and control technologies (BOMCA, ADB projects). The CAR lacks a consistent approach to the development of such infrastructure (such as for instance the Agreement between Kazakhstan and Russia on the construction of joint border crossing points). It appears reasonable to put the issue of the coordination of efforts aimed at the development of border crossing points on the basis of a single programmatic document/agreement on the agenda of OSCE member states and other stakeholders.

It is also reasonable for the exchange of best practices in the area of control and a regular assessment and monitoring of progress at border crossing points (outcomes of the activities of ADB/CAREC, USAID, IRU, national associations etc.) to become a permanent element of the work of OSCE forums.

There is need for more significant and effective efforts to improve the awareness of CAR officials about international legal instruments in relation to the general issues of simplification of transportation procedures as well as border crossing issues. Despite the fact that the issue of accession to international conventions and treaties and their practical implementation have been under consideration on numerous occasions within the framework of various UNECE and UNESCAP projects, progress in this area remains limited.

Thanks to the work of the UN commissions almost every CAR country has established various national coordination mechanisms to simplify trade and transport procedures with the participation of public officials and representatives of the private sector (commissions, councils etc.). However limited or nonexistent financing frequently complicates the coordination or interaction of such entities at the regional level. The task of OSCE as an organization is to ensure such interaction and their linkages to other stakeholders.

To address the main strategic objectives of improved utilization of the transit potential of the CAR countries it appears reasonable to use the OSCE forums to review and discuss the opportunities of

creation of coordination structures (following the experience of Transsib) that would initiate and control the gradual implementation of measures aimed at technical and technological improvement of the conditions of transit transportation in this region.

Proposals on further area of activities within the framework of OSCE are shown schematically on Figure 8.

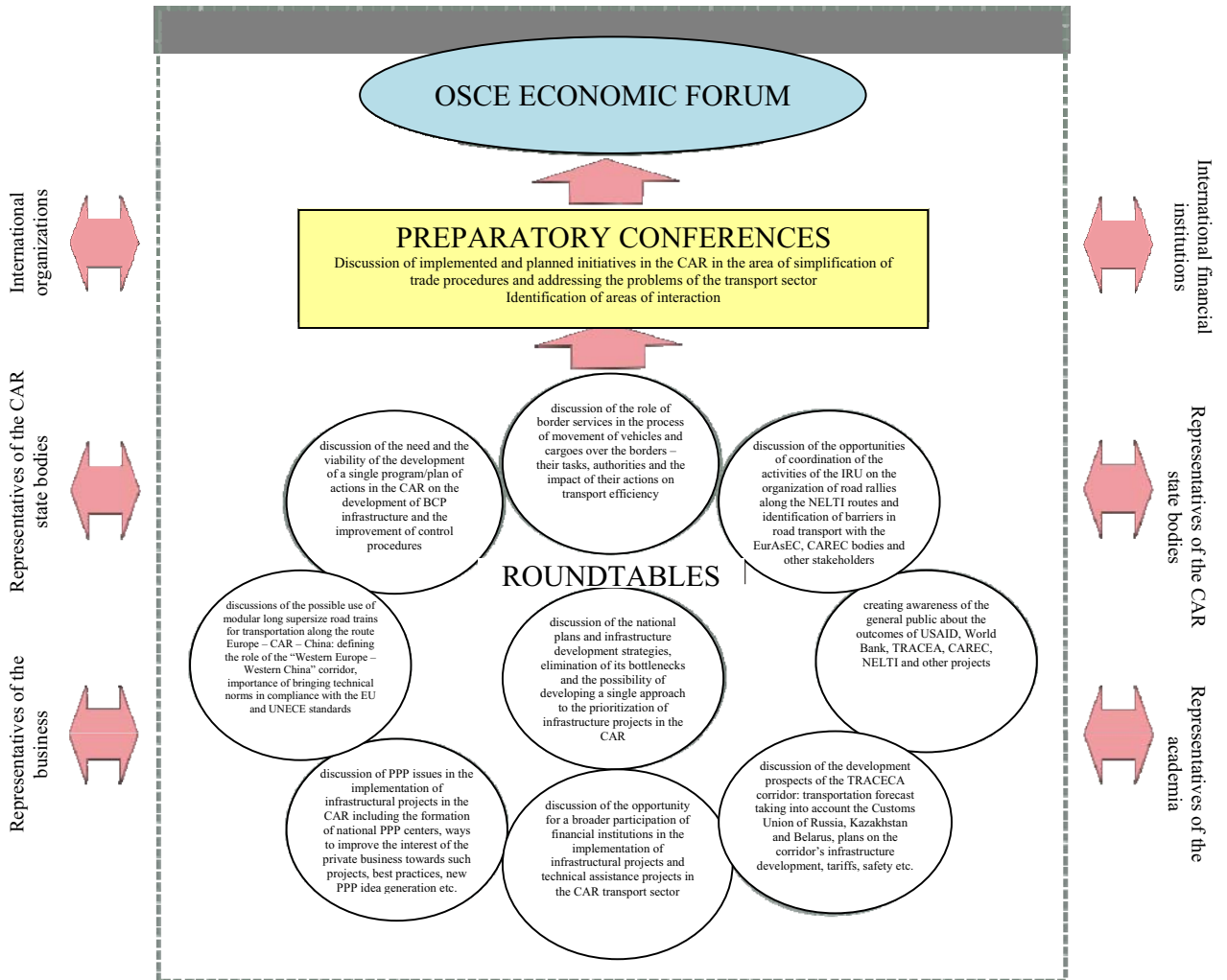


Figure 8 Proposals on further areas of activity within the framework of OSCE

CAR Republics' foreign trade
Table A.1 – Dynamics of the CAR countries' foreign trade, million USD

	2000			2001			2002			2003		
	Total	Export	Import	Total	Export	Import	Total	Export	Import	Total	Export	Import
Azerbaijan	17696,5	2610,5	15086,0	21616,9	3487,9	18129,0	25762,0	3726,0	22036,0	34684,5	5123,5	29561,0
Kazakhstan	13852,2	8812,2	5040,0	15085,1	8639,1	6446,0	16254,3	9670,3	6584,0	21335,4	12926,7	8408,7
Kyrgyzstan*	1058,6	504,5	554,1	951,5	480,0	471,5	1076,9	487,3	589,6	1304,5	582,7	721,8
Tajikistan	1459,3	784,3	675,1	1339,1	651,6	687,5	1457,5	737,0	720,5	1678,0	797,2	880,8
Turkmenistan	4290,5	2505,5	1785,0	4969,2	2620,2	2349,0	4975,0	2855,6	2119,4	6144,0	3632,0	2512,0
Uzbekistan	6212,1	3264,7	2947,4	6307,3	3170,4	3136,9	5700,4	2988,4	2712,0	6689,2	3725,0	2964,2
Total	26872,7	15871,2	11001,6	28652,2	15561,3	13090,9	29464,1	16738,6	12725,5	37151,1	21663,6	15487,5
	2004			2005			2006			2007		
	Total	Export	Import	Total	Export	Import	Total	Export	Import	Total	Export	Import
Azerbaijan	45207,0	7008,0	38199,0	49065,0	8096,0	40969,0	48895,2	6372,2	42523,0	75458,2	6058,2	69400,0
Kazakhstan	32877,5	20096,2	12781,3	45201,2	27849,0	17352,2	61927,2	38250,3	23676,9	80511,7	47755,3	32756,4
Kyrgyzstan*	1667,9	721,1	946,8	1862,7	674,0	1188,7	2822,4	891,2	1931,2	4109,6	1321,1	2788,5
Tajikistan	2106,2	914,9	1191,3	2238,5	908,7	1329,8	3121,6	1399,0	1722,6	3923,6	1468,2	2455,4
Turkmenistan	6850,0	4000,0	2850,0	10538,0	6174,0	4364,0	9713,2	7155,5	2557,7	9357,0	5421,0	3936,0
Uzbekistan	8669,0	4853,0	3816,0	9500,1	5408,8	4091,3	11171,4	6389,8	4781,6	14227,1	8991,5	5235,6
Total	52170,6	30585,2	21585,4	69340,5	41014,5	28326,0	88755,8	54085,8	34670,0	112129,0	64957,1	47171,9

	2008		
	Total	Export	Import
Azerbaijan	74175,6	4775,6	69400,0
Kazakhstan	109072,6	71183,6	37889,0
Kyrgyzstan*	5714,6	1642,2	4072,4
Tajikistan	4676,1	1406,3	3269,8
Turkmenistan	12083,0	7567,0	4516,0
Uzbekistan	19077,0	11572,9	7504,1
Total	150623,3	93372,0	57251,3

*except foreign trade by physical persons

Table A.2 – Geographical overview of the CAR countries' foreign trade

Kazakhstan 2008		Kyrgyzstan 2007		Tajikistan 2008		Turkmenistan (January-June 2008)		Uzbekistan 2008	
Country	%	Country	%	Country	%	Country	%	Country	%
Exports									
Italy	16,7	Russia	17,8	Netherlands	39,0	Russia	48,3	Russia	17,2
Switzerland	15,8	Switzerland	17,1	Turkey	28,1	Iran	22,3	Switzerland	8,9
China	10,8	Afghanistan	9,0	Russia	9,2	Italy	14,7	Ukraine	8,5
Russia	8,8	China	4,7	Iran	7,0	Turkey	2,2	Iran	4,6
France	7,6	Turkey	3,3	China	6,0	Iraq	1,4	Turkey	4,6
Netherlands	6,5	United Arab Emirates	1,1	Afghanistan	1,8	Ukraine	1,2	Afghanistan	4,6
Israel	3,1	Belgium	0,9	Switzerland	1,7	Afghanistan	0,9	China	2,2
Iran	2,9	Iran	0,8	Italy	0,9	Switzerland	0,8	USA	1,8
Ukraine	2,8	Great Britain	0,7	Latvia	0,7	Georgia	0,6	Latvia	1,7
Turkey	2,7	Italy	0,5	Belarus	0,5	Virgin Islands	0,3	Singapore	1,4
Kyrgyzstan	0,6	Kazakhstan	15,5	Kazakhstan	0,7	Kazakhstan	0,3	Kazakhstan	4,0
Tajikistan	0,4	Tajikistan	2,1	Kyrgyzstan	0,4	Kyrgyzstan	N/A	Kyrgyzstan	1,6
Turkmenistan	0,3	Turkmenistan	0,1	Turkmenistan	0,1	Tajikistan	1,0	Tajikistan	1,4
Uzbekistan	1,8	Uzbekistan	6,5	Uzbekistan	1,9	Uzbekistan	N/A	Turkmenistan	1
Other	19,2	Other	19,9	Other	2,0	Other	6,0	Other	36,5
Imports									
Russia	36,3	Russia	34,9	Russia	32,5	Russia	16,5	Russia	24,8
China	12,0	China	12,8	China	12,0	China	12,0	China	13,8
USA	5,1	USA	3,4	Iran	3,7	United Arab Emirates	11,7	Korea	12,9
Germany	6,8	Ukraine	2,9	Turkey	3,7	Turkey	9,4	Ukraine	8,3
Ukraine	5,6	Germany	1,9	Lithuania	3,4	Ukraine	3,9	Germany	5,3
Italy	3,3	Turkey	1,8	United Arab Emirates	3,3	Iran	3,9	Turkey	3,4
Turkey	2,6	Korea	1,4	Ukraine	3,2	Germany	3,7	USA	2,4
Japan	2,6	Netherlands	1,3	Azerbaijan	2,2	Japan	3,0	Japan	2,0
France	2,1	Belarus	0,9	Afghanistan	2,0	Switzerland	2,6	Belarus	1,6
Great Britain	1,8	Canada	0,8	Bosnia	1,8	France	2,4	Brazil	1,6
Kyrgyzstan	0,5	Kazakhstan	11,2	Kazakhstan	8,5	Kazakhstan	5,2	Kazakhstan	6,0
Tajikistan	0,0	Tajikistan	0,1	Kyrgyzstan	1,1	Kyrgyzstan	N/A	Kyrgyzstan	1,1
Turkmenistan	0,6	Turkmenistan	0,0	Turkmenistan	1,3	Tajikistan	N/A	Tajikistan	0,3
Uzbekistan	1,4	Uzbekistan	4,3	Uzbekistan	3,3	Uzbekistan	1,2	Turkmenistan	0,1
Other	19,3	Other	22,3	Other	18	Other	24,5	Other	16,4

List of EurAsEC routes

(approved by the Decision of EurAsEC Interstate Council No 330 of April 18 2007)

1 Mixed routes:

Transport corridor “North – South”; Pan-European transport corridor No 2.

2 Railway routes:

Route (No 1 RWCO): Brest – Minsk – Moscow – Nizhny Novgorod – Perm – Yekaterinburg – Omsk – Novosibirsk – Krasnoyarsk – Irkutsk – Far East ports of the Primorsky region of the Russian Federation;

Route (No 1e RWCO): Moscow – Ryazan – Syzran – Orenburg – Aktyubinsk – Kandagach – Saryagach - Tashkent.

Route (No 2 RWCO): Moscow – Kazan – Yekaterinburg – Kurgan – Petropavlovsk – Astana - Dostyk;

Route (No 2a RWCO): Dema – Kartaly – Tobol - Astana.

Route (No 5 RWCO): Valuiki – Penza – Kurgan – Presnogorkovskaya – Kokchetav – Aktogay - Dostyk;

Route (No 5zh RWCO): Rtishevo – Ozinki – Arys – Lugovaya – Almaty – Dostyk; Lugovaya – Bishkek - Rybachye.

Route (No 8 RWCO): Krasnaya Mogila – Gukovo – Likhaya – Volgograd – Aksarayskaya – Makat – Oasis – Karakalpakia – Naimankul – Nukus – Uchkuduk - Navoi;

Route (No 8b RWCO): Makat – Kandagach – Nikeltau - Kartaly.

Route (No 10 RWCO): Border of Turkmenistan – Bukhara – Jizak – Havast – Tashkent – Saryagach – Lugovaya/Bishkek – Aktogay – Dostyk; Aktogay – Lokot – Novosibirsk – Far East ports of Primorsky region of the Russian Federation;

Route (No 10c RWCO): Khavast – Bekabad – Kanibadam – Kokand – Andizhan – Karasu – Osh/Jalal-Abad;

Route (No 10d RWCO): Bukhara/Samarkand – Karchi – Kudukli (Saruasia) – Pakhtaabad – Dushanbe – Yangibozor;

Bukhara/Samarkand – Karchi – Amuzang – Kurgan-Tyube – Kulyab/Yavan;

Bukhata – Karchi – Termez – Galaba – Khairaton (Afghanistan).

3 Road routes:

1. Border of Ukraine – Volgograd – Astrakhan – Atyrau – Aktau – Beineu – Kungrad – Nukus – Bukhara – Navoi – Samarkand – Jizak – Tashkent – Shymkent – Taraz – Bishkek – Almaty – Saryozek – Taldy-Kurgan – Ucharal – Taskesken – Ayagoz – Georgievka – Ridder (Ust-Kamenogorsk) – border of the Russian Federation – access to the Chuisky tract;

1a. Bishkek – Almaty – Khorgos – border of PRC;

1b. Tashkent – Kokand – Andizhan – Osh – Sary-Tash – Irkeshtam – border of PRC;

1c. Tashkent – Termez – border of Afghanistan;

- 1d. Bukhara – Alat – border of Turkmenistan;
- 1e. Samarkand – Guzar – Termez – border of Afghanistan.
2. Border of Poland – Brest – Minsk – Smolensk – Moscow – Ryazan – Penza – Samara – Ufa – Chelyabinsk – Kurgan – Petropavlovsk – Astana – Karaganda – Burubaital – Merke – Korday – Bishkek – Naryn – Torugart – border of PRC/Kyrgyzstan.
3. Border of Poland – Brest – Minsk – Smolensk – Moscow – Ryazan – Penza – Samara – Uralsk – Aktyubinsk – Kyzylorda – Shymkent – Taraz – Talas – Osh – Irkeshtam – border of PRC;
- 3a. Osh – Sary-Tash – Karamyk – Jirgatal – Dushanbe – Tursunzade – Saryasia – Termez – border of Afghanistan;
- 3b. Osh – Sary-Tash – Murgab – Kulma mountain pass – Irkeshtam – border of PRC.
4. Border of the Republic of Poland – Brest – Minsk – Smolensk – Moscow – Ryazan – Penza – Samara – Ufa – Chelyabinsk – Kostanay – Astana – Karaganda – Almaty – Korday – Bishkek – Osh – Isfana – Khadjent – Dushanbe – Dusti – Nizhny Pyanzh – border of Afghanistan/Tajikistan.
- 4a. Tyumen/Chelyabinsk – Omsk – Pavlodar – Semipalatinsk – Maykapchagay – border of PRC.
5. Border of Turkmenistan – Alat – Bukhara – Karshi – Guzar – Sherabad – Termez – Dushanbe – Jirgatal – Karamyk – Sary-Tash – Irkeshtam – border of PRC/Kyrgyzstan.