

Transnational Transport Corridors Outside the OIC Geography and Selected Case Studies in the OIC Member Countries

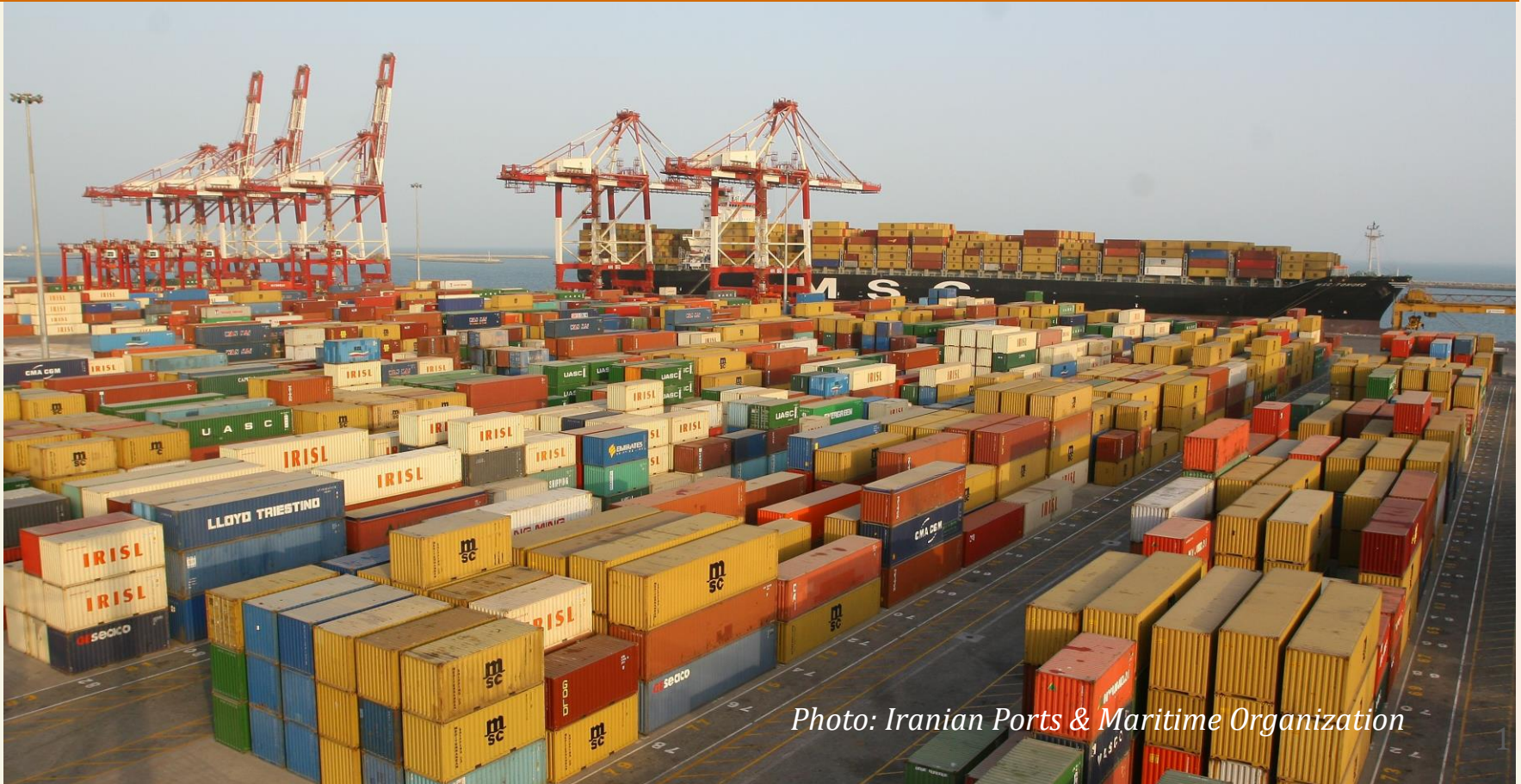


Photo: Iranian Ports & Maritime Organization

Transnational Transport Corridors Outside the OIC Geography

1. Policies and Objectives
2. European Transport Corridors
3. Success Factors
4. Questionnaire Survey Key Findings
5. Conclusions

1. Policies and Objectives

Transport corridor policies may have objectives:

- ❑ Encouraging Trade
- ❑ Reducing Transport Costs
- ❑ Improving access to markets
- ❑ Enhancing modal choice
- ❑ Promoting regional integration

Complex sets of interrelationships, changes and consequences

Not easy to isolate one factor

EU has the best examples of successful transport corridors

2. European Transport Network - TEN T



2. Evolution of Transport Corridors

Transport corridors – evolving with objectives:

National Interests

- ▣ Primary Transport Route - Single Mode
- ▣ Transport Corridor - Multi Modal
- ▣ Transport Trade Facilitation Corridor – Customs and Immigration Border Crossings
- ▣ Logistics Corridor - Door to Door processing including warehousing
- ▣ Inter-urban Development Corridor - Land Use and Spatial Planning
- ▣ Economic Development Corridor - Enterprise / Investment Employment

Regional Interests

3. Success Factors

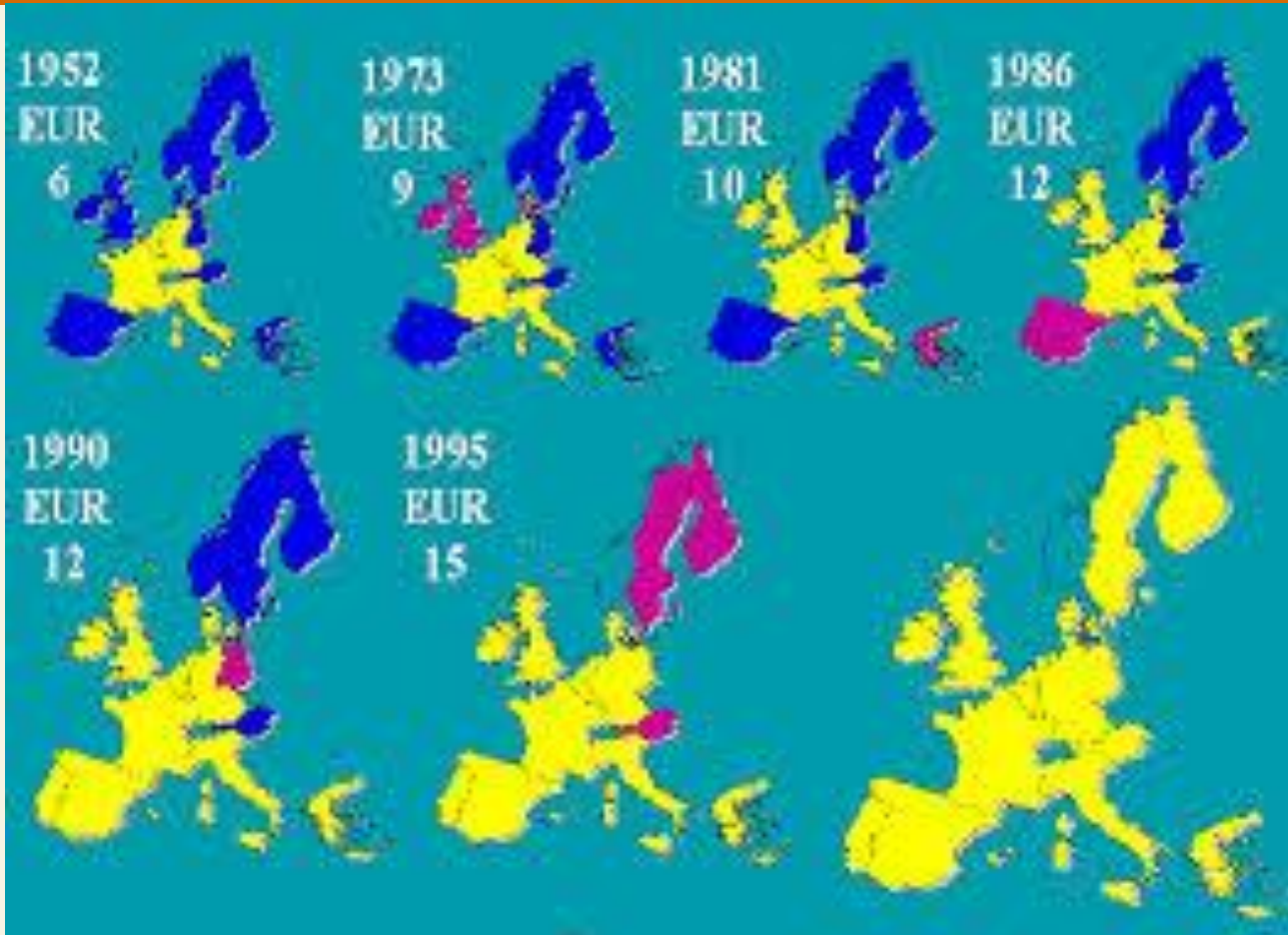
- a. Political and Institutional Success
- b. Economics Success
- c. Trade Facilitation Success
- d. Social Success
- e. Safety, Security and Legal Success
- f. Technical and Operations Success

3a. Political and Institutional Success

With the examples of the TEN T... Success has been achieved through

1. Moving towards ever closer union with neighboring countries
2. Assimilation of common values
3. Exchange of intelligence and information
4. Establishing common institutions
5. Harmonized laws and regulations
6. Corridor projects prioritized in national plans
7. Common visa area
8. Abolition of all internal borders

3a. Political and Institutional Success



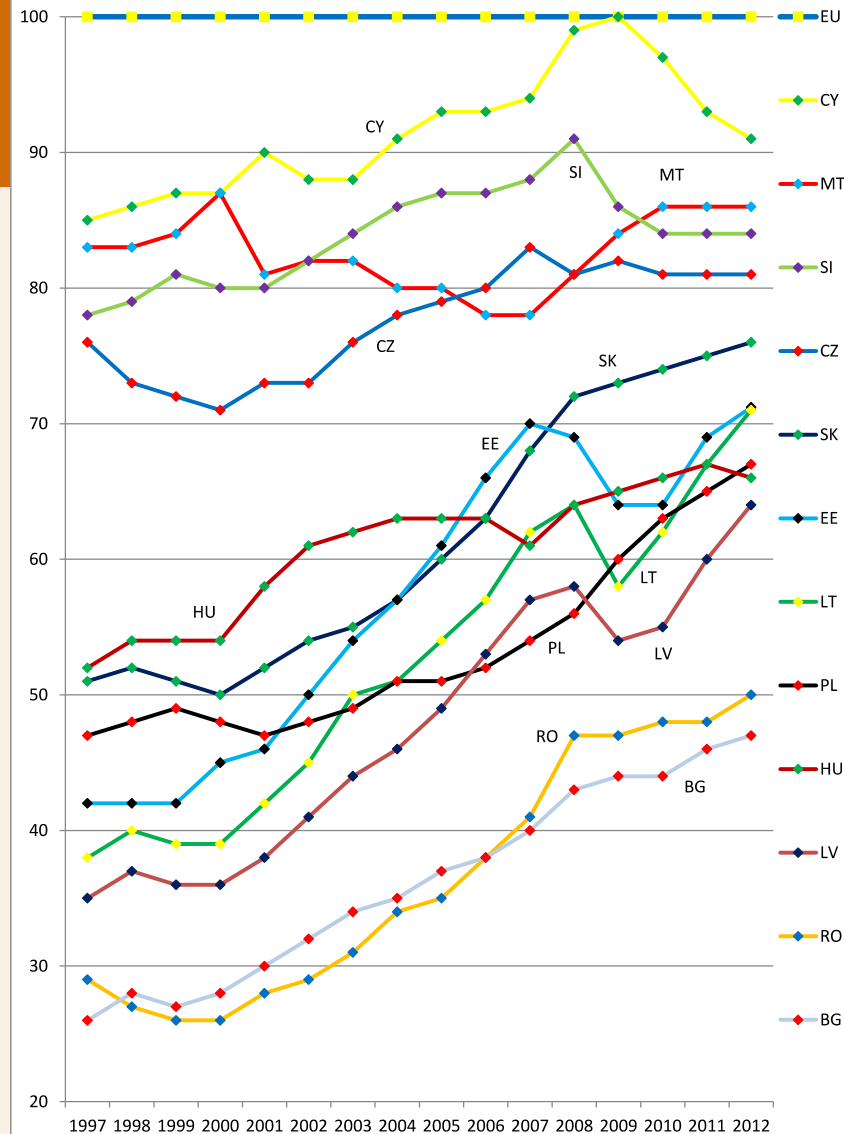
3b. Economic Success

Evidence of economic successes

1. Ability to leverage large investment in infrastructure
2. Involvement of the private sector
3. Improving ease of doing business
4. Lowering transport costs
5. Increased competition
6. Agreements of transit, fees and tariffs
7. Increasing share of intraregional trade
8. Increasing volumes of international trade
9. Full mobility of capital, labor and intellectual property
10. Increasing GDP

3b. Economic Success

Increase in GDP - 11 new EU States

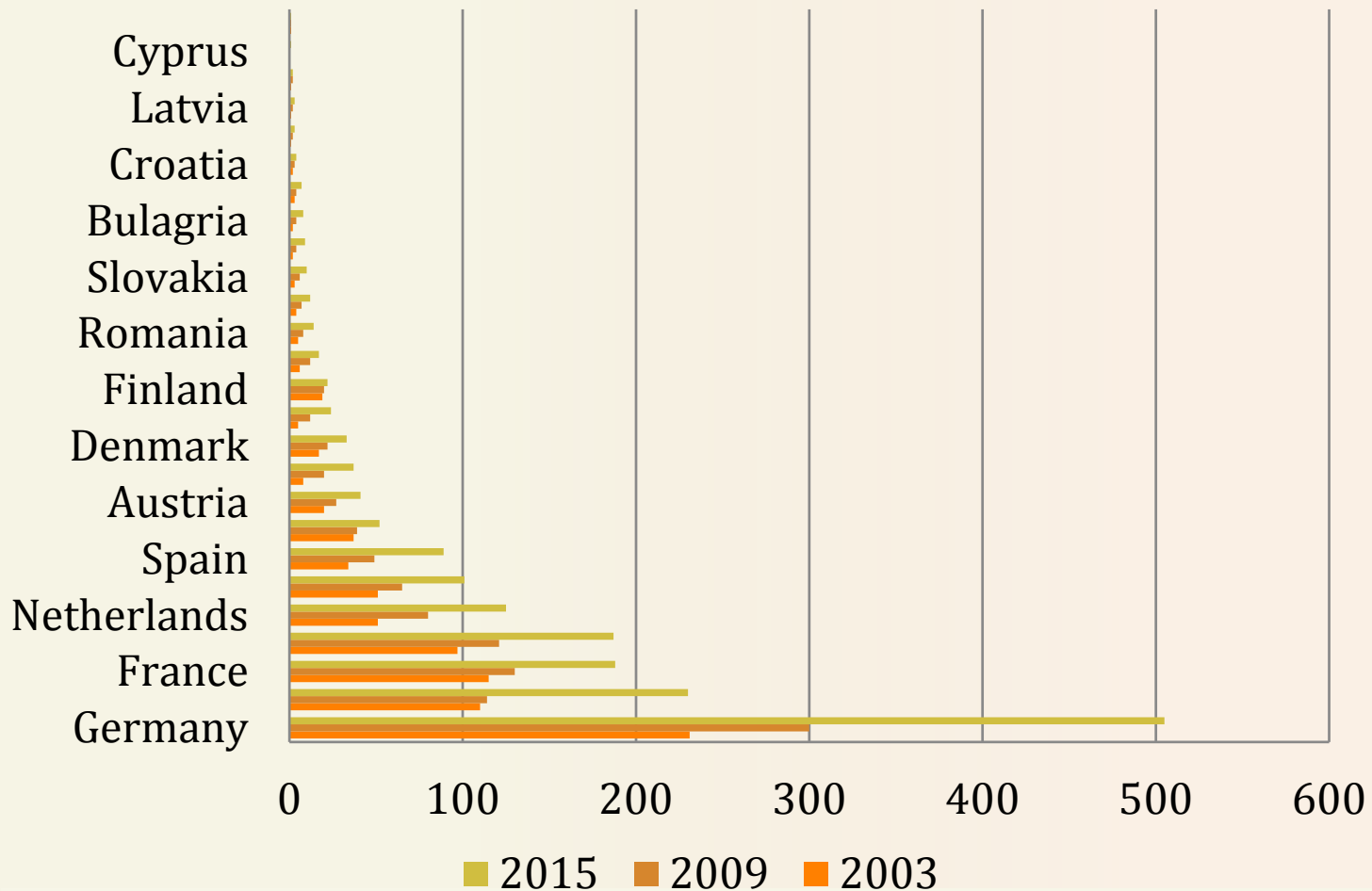


3c. Trade Facilitation Success

Indications of success in trading:

1. No constraints on logistic chains door to door
2. Fully harmonized trading regulations
3. Electronic documentation
4. External border, risk management, share intelligence
5. Increasing improvement in logistics performance index
6. Falling external tariffs – aligned to WTO policy
7. Elimination of non-tariff barriers to trade

3c. Trade Facilitation Success



3d. Social Success

Freedom of movement has led to the following successes ...

1. Improving quality of life
2. Reducing poverty
3. Unemployment rising – not successful
4. Improving civil rights,
5. Improving employment conditions
6. Increasing migration and labor mobility
7. Repatriation of incomes
8. Increasing ethnic and cultural diversity

Note gravitation to main corridors of economic activity

3e. Safety, Security and Legal Success

The TEN T has helped to catalyze:

1. A common visa and customs area
2. Well defined and resourced external borders
3. Common security interests
4. Very safe transport networks, road deaths 9/100,000 vehicles
5. Common public health policies and regulations
6. Common conditions of carriage, insurance and compensation

3e. Safety, Security and Legal Success



European Union: Three Pillars

European Community

- **Treaty of Rome as revised by Single European Act**
- **Single Market**
- **Democratization of the Institutions**
- **European Citizenship**
- **Economic and Monetary Union**
single currency
European Central Bank
single monetary policy
coordination of economic policies

Common Foreign & Security Policy

- **Common Foreign Policy**
systematic cooperation
common positions and joint actions
- **Eventual common defense policy based on the Western European Union**

Justice and Home Affairs

- **Closer cooperation**
asylum policy
rules on crossing the Member States' external borders
immigration policy
combating drug addiction
combating international fraud
customs, police and judicial cooperation

3f. Technical and Operational Success

Technical and operational successes exemplified:

- ❑ Interoperability issues between some railways but road aviation waterway standards harmonized
- ❑ Corridor investment projects (hard and soft measures) prioritized in national transport master plans (SADC, COMESA as well as EU)
- ❑ Inter-modality at road rail air nodes in TENT Network
- ❑ Partnerships with private sector for operating transport infrastructure
- ❑ Maintenance standards high
- ❑ Common operating standards (traffic laws) and enforcement.

3f. Technical and Operational Success

Interoperability Regulations of railways - examples

1. <http://www.era.europa.eu/Core-Activities/Interoperability/Pages/Documents.aspx>
2. <http://www.era.europa.eu/Document-Register/Pages/Directive-certification-train-drivers.aspx>
3. <http://www.era.europa.eu/Document-Register/Pages/Passangers-rights-regulation.aspx>
4. <http://www.era.europa.eu/Document-Register/Pages/Energy-Subsystem-ENE-TSI.aspx>

4. Questionnaire Survey Key Findings

Small sample online survey

1. Transport Corridor development should follow trade – be demand led
2. Promote rail waterway sea for long distance transport
3. Support cross border investments – reducing risk
4. Promote inter-modality
5. Good internet connectivity to support flow of information
6. Aim for the next step development – ultimately regional integration

5. Conclusions (1)

Lessons learnt:

1. Promote common transport policies
2. Transport development to be demand led (i.e. trade)
3. Build missing links and transfer nodes in the corridor
4. Provide for connectivity - access routes
5. Supporting funding for key infrastructure projects

5. Conclusions (2)

6. Support harmonization of transport regulations - then trade then other conditions
7. Improve ease of doing business
8. Remove non-tariff barriers to trade – ultimately borders!
9. Establish common institutions such as corridor secretariats
10. Monitor performance
11. Share information and intelligence

Selected Case Studies in the OIC Member Countries

1. **TAH1** - Trans-African Highway No 1
2. **NTTC** - Northern Transit Transport Corridor
3. **MNSC** - Mashreq North-South Corridor
4. **INSTC** - International North-South Transport Corridor
5. **TRACECA** - Transport Corridor Europe-Caucasus-Asia
6. **CAREC 3** - Central Asia Regional Economic Cooperation

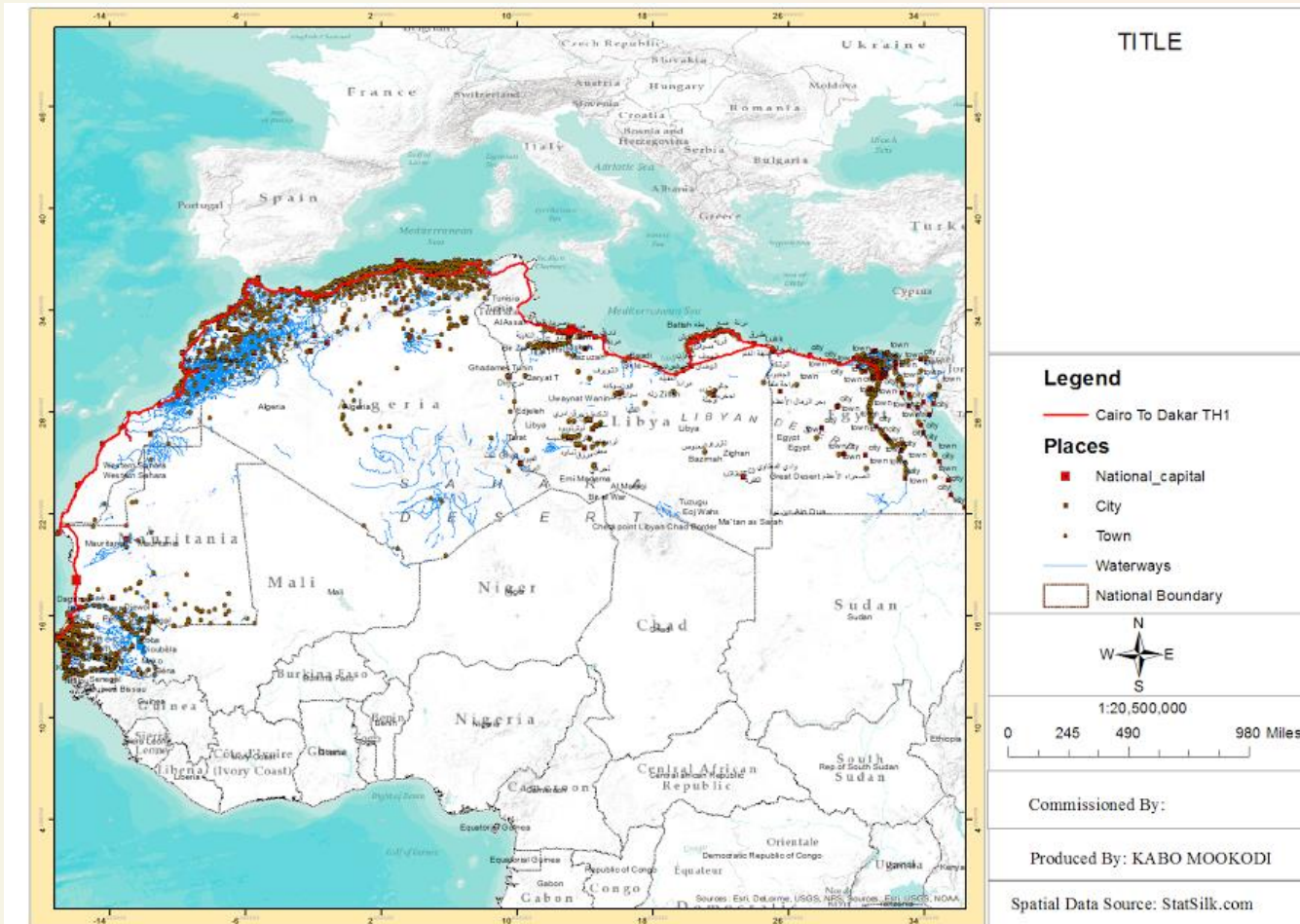
Trans African Highway No 1

1. General factors
2. Political and Institutional Factors
3. Economics and Trade
4. Social, Safety, Security and the Legal Liability
5. Technical, Operational, Environmental and Energy Factors
6. Corridor performance monitoring

1. General Factors

- TAH1: Trans-African Highway No 1
- Egypt, Libya, Tunisia, Algeria, Morocco, Mauritania, Western Sahara, Senegal
- 8,636 km road only coordinated by UNECA

1. General Factors

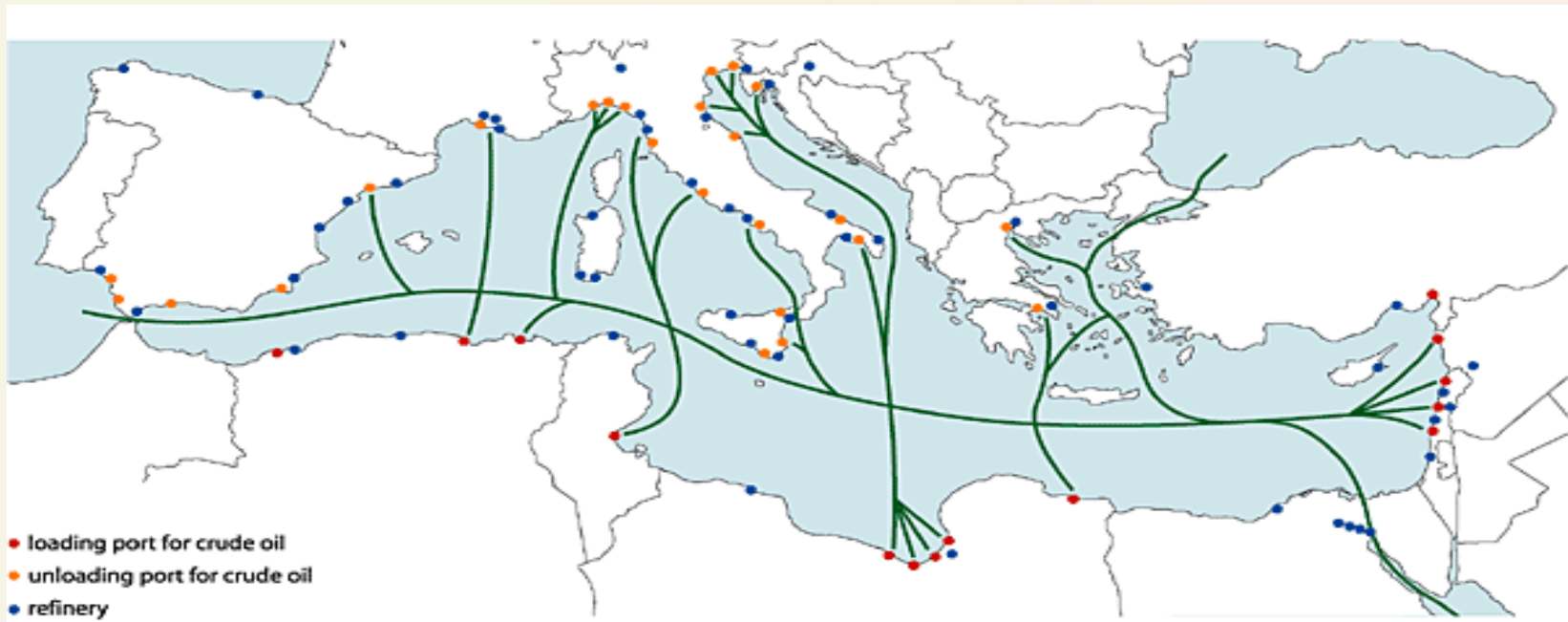


2. Political and Institutional Factors

- TAH1 - international road project only (does not include border crossings, rail or sea transport).
- Promoted by UNECA, has a regional integration agenda
- No political agreement to develop into a transport corridor
- No secretariat – other than the TAH coordination effort of the UNECA
- North African Mediterranean countries are orientated to Europe - not each other
- All have sea ports for trading

2. Political and Institutional Factors

Sea Routes N. Africa – Europe



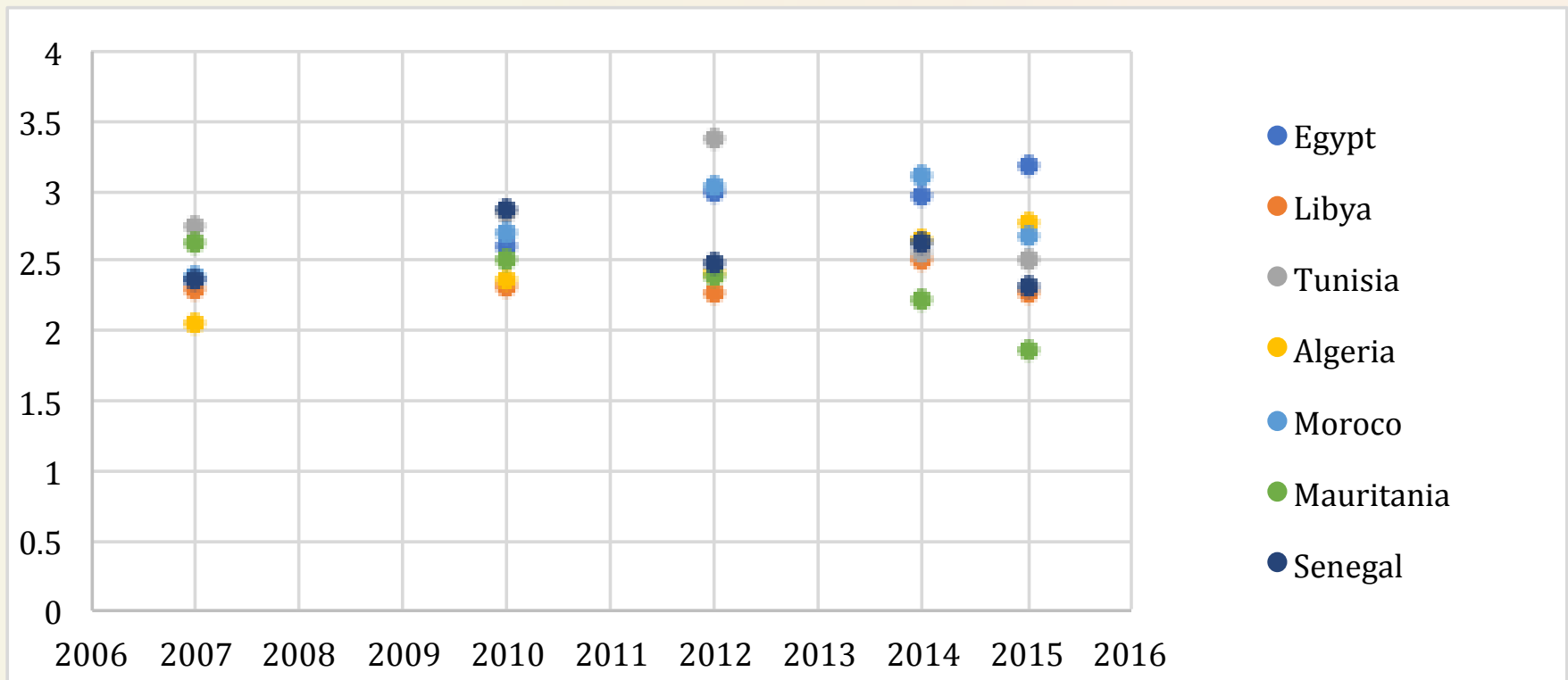
3. Economics and Trade

- Wide range of openness to trading 14% Egypt to 75% Algeria
- EODB 56 to 186 wide ranging from ranked 77 Tunisia to 188 Libya.
- Prime costs are not high, interest rates 7% to 14%, labour cost low
- Total Trade \$102 Billion of which \$6 Billion or 6% is regional – low due to historic reasons.
- LPI 1.9 to 3.2 with mean 2.7 and no overall progress in 10 years - Algeria, Egypt Tunisia improving others declining.

Possible that corridor approach leads to more consistent improvements

3. Economics and Trade

Logistic Performance Index Trends



4. Social, Safety, Security and Legal Liability

- Corridor Population 205 Million
- Labour mobility between countries is high
- No evidence of communicable diseases spreading along corridors
- Unemployment range 10% to 20% poverty HCR 5% to 46% - would expect more labour mobility from poor to better off countries
- Road Safety much improved due to new 4 lane highway
- Crime and conflict moves along corridors –cooperation low
- Transport Trade Regulatory Harmonisation not advancing

Political agenda for closer cooperation needed.

5. Technical, Operational Environment and Energy Factors

Definition of transport corridor

A specified route / network of routes with a common orientation, ideally intermodal, that can expedite the movements of goods and people across international borders by connecting key points in different countries.

5. Technical, Operational Environment and Energy Factors

DOES TAH 1 satisfy transport corridor technical criteria?

- Interoperable infrastructure NO
- Common Road traffic control and enforcement NO
- Underutilization mostly of rail NO
- Improving transit times YES
- Reducing transport costs YES
- Empty running and unidirectional flows of trade NO
- Standardizing customs procedures NO
- Internet coverage for tracking and control NO
- Overloaded trucks high NO
- Good rest areas NO
- Common Environmental agenda NO
- Common Energy Reduction Plan NO

Conclusion & Recommendation

Conclusion

- TAH1 is not a corridor in any sense of the definition.
- Political will unlikely advance regionalization, except MENA
- With external support, parties may see the benefits of deeper cooperation

Recommendation

- To establish a secretariat
- To promote the opening of the Algiers border

Northern Transit Transport Corridor (NTTC)

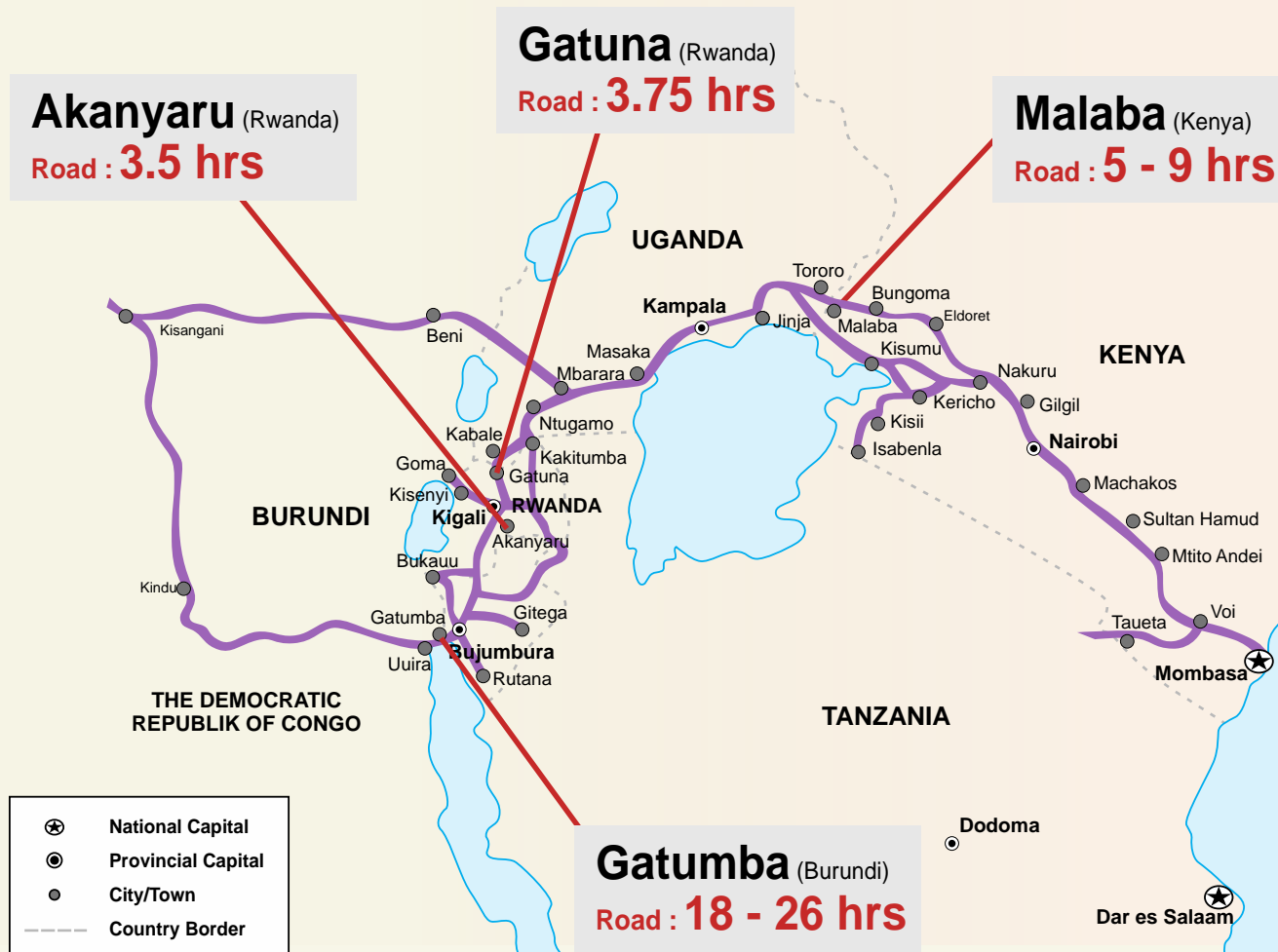
1. General factors
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6. Corridor performance monitoring

1. General factors

Northern Transit Transport Corridor

- Kenya, Uganda, Tanzania, Somalia, Burundi, Rwanda, Democratic Republic of Congo
- Located in Eastern Africa, K,U,T - members of the East African Community (Great Britain) no borders, same currency – as today.
- 8,800 km road rail pipeline
- Main route 2,200 km Kenya - Uganda - Burundi

1. General factors



2. Political and Institutional Factors

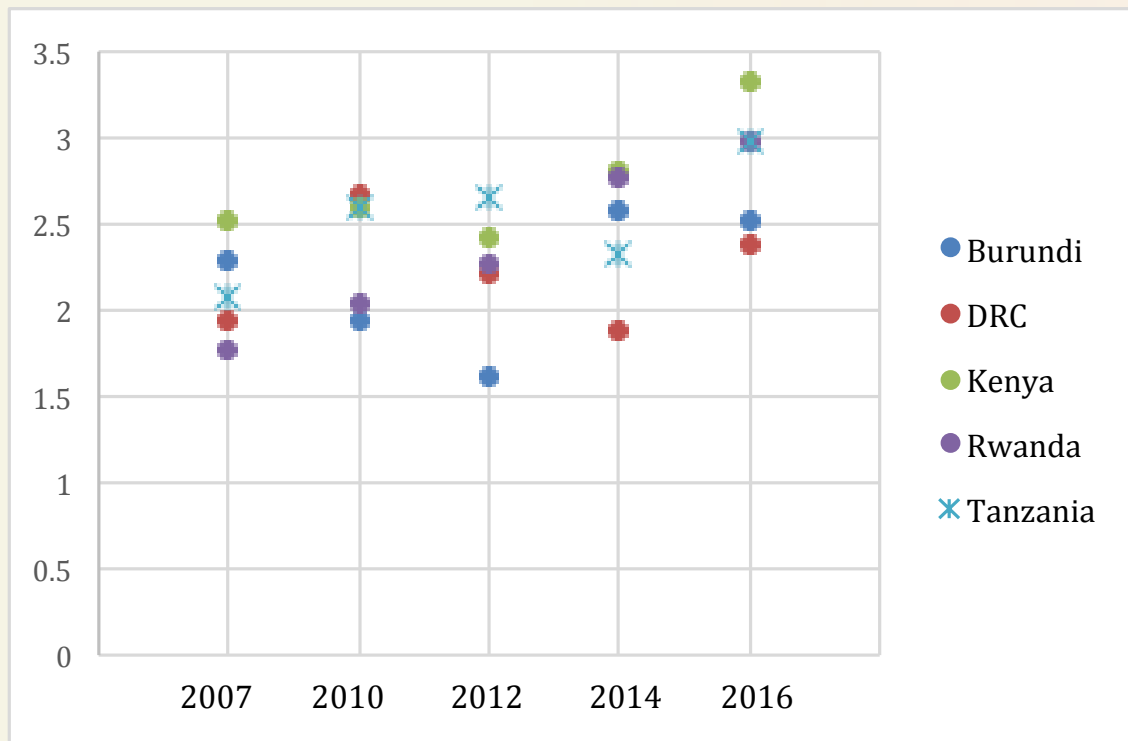
- NTTC has a far reaching Multilateral Agreement
- NTTCA well funded and active secretariat
- Corridor projects are embedded into national plans
- Good progress with harmonization
- Regular high level meetings
- TA provided to secretariat by the EU
- Observatory also in place.

3. Economics and Trade

- Relatively open trading economies 27% to 33% (except S. Sudan)
- Ease of Doing Business 56 to 186 wide range... much more needed
Corruption high.
- Prime costs are not high, interest rates 7% to 14%, labour cost low
- Total Trade \$23 Billion of which \$4 Billion or 18% is regional – highest of all corridors
- LPI 2.5 to 3.3 progress being made through ...
- Simplification, rationalization, harmonization, standardization and modernization of trade business processes and documentation underway
- EDI OSBPs and Risk Management in place in some countries

3. Economics and Trade

Logistic Performance Index Trends



4. Social, Safety, Security and Legal Liability

- Labour mobility between countries is high
- Communicable diseases HIV EBOLA TB spread along corridors
- Poverty levels reducing and HDI improving range = 0.4 to 0.53
- Road Safety poor > 5,000 fatalities (2014) range of measures needed
- Crime moves along corridors – countries cooperate
- Transport Trade Regulatory Harmonisation advancing

Observed that national policy changes can be influenced from the regional agenda.

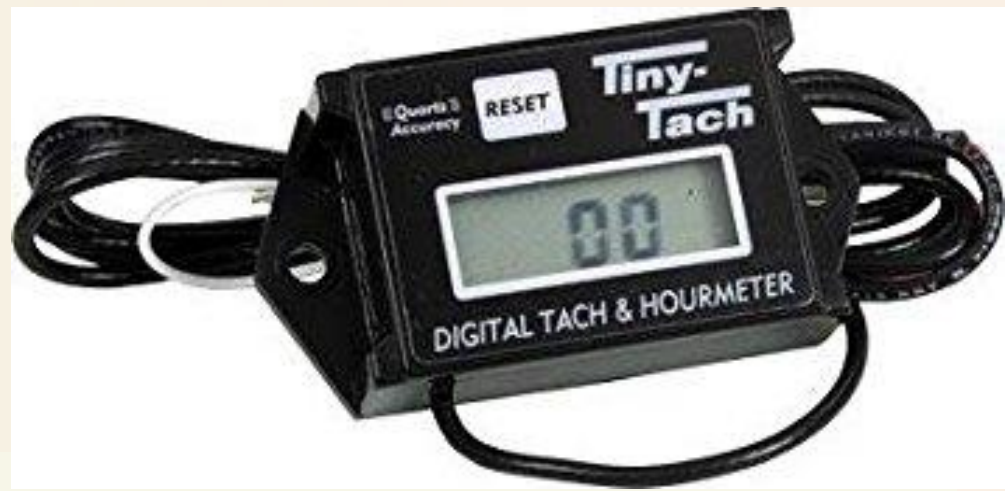
4. Social, Safety, Security and Legal Liability

Road Safety Strategy Agreed including:

- Construction of parking spaces at Road Side Service Area
- Production of IEC materials developed on black spot maps
- Sensitize the Drivers against over speeding and reckless driving
- Conduct anti speeding campaigns
- Disseminate dangers of Drink driving and drug abuse
- Develop a charter on rules and responsibility and code of conduct for various stakeholders including drivers

4. Social, Safety, Security and Legal Liability

- **Control and harmonization of driver hours**
- Build capacity of Unions to do their work better and do advocacy
- Promote mind set change and sharing good practices
- Promotion of two drivers per truck to reduce on fatigue
- Emergency response improvements



5. Technical, Operational Environment and Energy Factors

NTTCTA Agreement on these issues:

- Interoperable infrastructure but poor condition in parts
- Common Road traffic control and enforcement
- Underutilization mostly of rail
- Slow transit times due to stoppages and waiting
- Reducing transport costs
- Empty running and unidirectional flows of trade

5. Technical, Operational Environment and Energy Factors

- Standardizing customs procedures
- Internet coverage for tracking and control
- Overloaded trucks high
- **Poor or non-existent rest areas**
- Little progress with environmental agenda
- Energy concerns are low although a new 1435 mm gauge railway is being built

5. Technical, Operational Environment and Energy Factors



Launch NSW Rest Areas map »

Conclusion & Recommendation

- NTTC is a well managed corridor that will continue to improve as investments in road rail air are supported by reductions in NTBs and deeper regionalisation.
- To institute risk management and green channeling at border crossings for goods in transit to the Port (there is no reason to stop trucks that are in transit).
- Transit fees to be paid online and in advance.
- Improving road condition.

Mashreq North-South Corridor (MNSC)

1. General factors
2. Political and Institutional Factors
3. Economics and Trade
4. Social, Safety, Security and the Legal Liability
5. Technical, Operational, Environmental and Energy Factors
6. Corridor performance monitoring

1. General Factors

MNSC

- Turkey, Syria, Jordan, Saudi Arabia, Yemen.
- Road Network of 2654 km.
- Not a transport corridor
- Rail fragmented and of different gauges

1. General Factors



2. Political and Institutional Factors

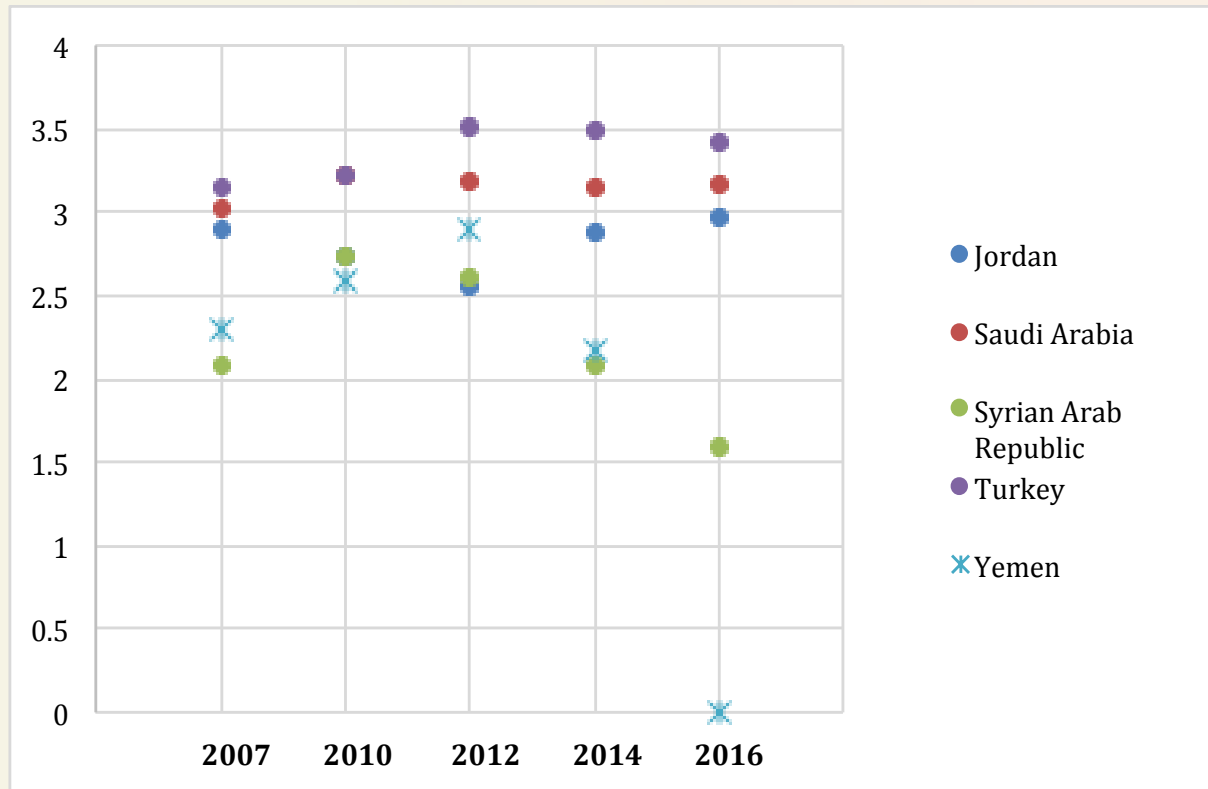
- Based on the Agreement on International Roads in the Arab Mashreq, adopted on 10 May 2001, entered into force on 19 October 2003
- The Study focused on M45 only
- But recognizes that an international road is part of a network
- UN-ESCWA 1999, adopted the Integrated Transport System for the Arab Mashreq (ITSAM).
- The transport projects are included into national plans
- Coordinating secretariat is needed

3. Economic and Trade

- Relatively open trading economies 20% to 71% (except Syria)
- EODB 69 to 179 wide range... much more needed
- Total Trade \$10 Billion of which \$359 Billion or 3% is regional – lowest of all corridors but dominated by Saudi-oil exports.
- LPI mean was 2.7 in 2007 rising to 3.4 in 2016 shows good improvement (Syria and Yemen excluded in 2014, 2016)
- More simplification, rationalization, harmonization, standardization and modernization of trade business processes and documentation needed
- Did not discover if EDI OSBPs and Risk Management was in place

3. Economic and Trade

- Logistic Performance Index Trends



4. Social, Safety, Security and Legal Liability

- Labor mobility between countries is high
- No sign of communicable diseases spread along corridors
- Road Safety poor > 5,000 fatalities (2014) range of measures needed
- Conflict is the most pressing issue

5. Technical, Operational Environment and Energy Factors

- Good roads
- Interoperable rail infrastructure with missing links
- No common road traffic control and enforcement
- Reasonable transit times due to stoppages and waiting
- Need for standardizing customs procedures
- Internet coverage for tracking and control needed
- Little progress with environmental agenda

Conclusion & Recommendation

Conclusion

- Political initiatives to advance regionalization is evident, unstable governance undermined progress
- Low intra trade, no evidence that it will increase
- Common road technical standards are in place

Recommendation

- To establish a corridor secretariat
- To set up a Transport and Trade Observatory
Benchmark with SEETO South East Europe – following the Balkans
Conflict 1993 – 1999 (<http://www.seeto.int.org>)

INSTC

1. General factors
2. Political and Institutional Factors
3. Economics and Trade
4. Social, Safety, Security and the Legal Liability
5. Technical, Operational, Environmental and Energy Factors
6. Corridor performance monitoring

1. General Factors

- International North-South Transport Corridor
- Founded by Russia, Iran and India in 2000
 - Azerbaijan, Armenia, Kazakhstan and Belarus joined later
 - Some more countries with less engagement joined adding up to 13 members
- Mix of traffic modes, 7,200 km, as alternative to all-maritime

Traditional vs INSTC Corridor



Multimodal INSTC Corridor

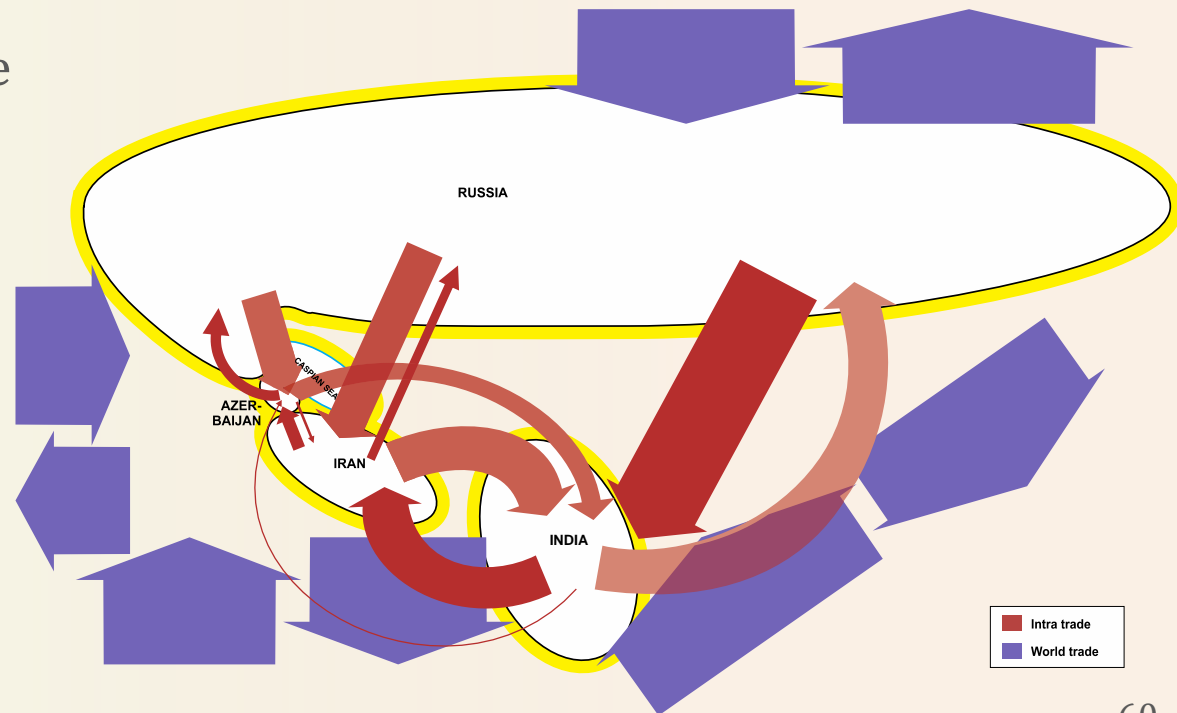


2. Political and Institutional Factors

- The Coordination Council
 - the Deputy Ministers of the member countries
 - meet once a year
- Secretariat in Tehran under Iranian Ministry of Road and Urban Development
 - Staff of five
 - Legal, land transport and railway transport experts
- No membership fee
- INSTC not incorporated in the Transport Master Plans of the member countries

3. Economics and Trade

- Azerbaijan performs well on border crossings
- Russia performs well on documentary compliance
- Iran scores low in both categories



4. Social, Safety, Security and the Legal Liability

- Wide variety between the countries
- Social factors not in focus
- Little damage and theft through Iran, no need for escort

5. Technical, Operational, Environmental and Energy Factors

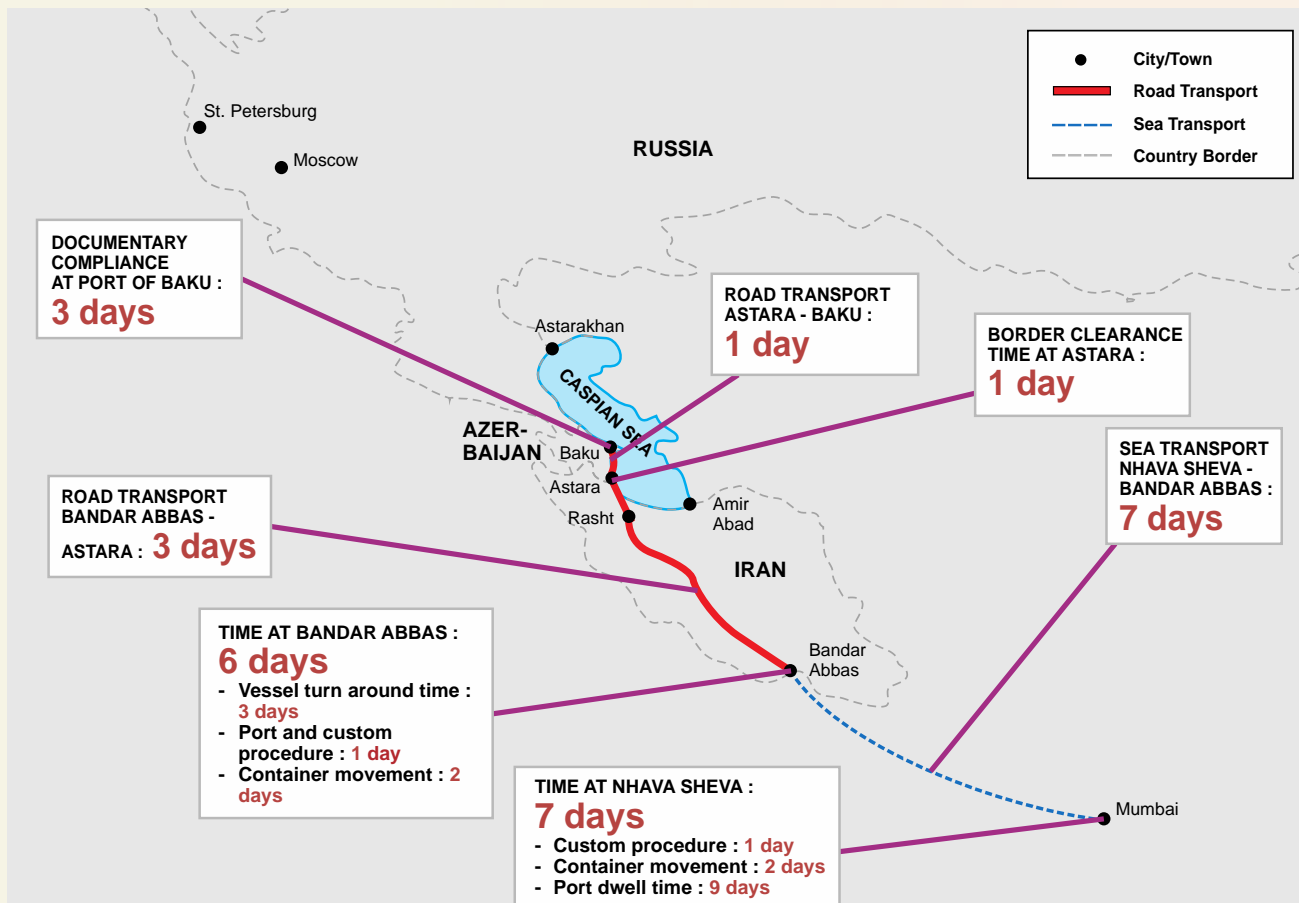
- ❑ “New Asia Transport Bridge” between Europe and South East Asia
 - ❑ cargo will travel in sealed containers
 - ❑ Expectations for initial 5 million tons and grow to 10 million tons
 - ❑ Rail harmonization issues
- ❑ Actions to improve attractiveness
 - ❑ Transit cargo prioritized in Iranian ports
 - ❑ Decreased rail tariff and higher speed in Iran, Azerbaijan and Georgia
 - ❑ Through-tariffs Mumbai-Moscow
- ❑ Environmental and energy factors not widely discussed

5. Technical, Operational, Environmental and Energy Factors

Transit time and cost Nhava Sheva - Moscow

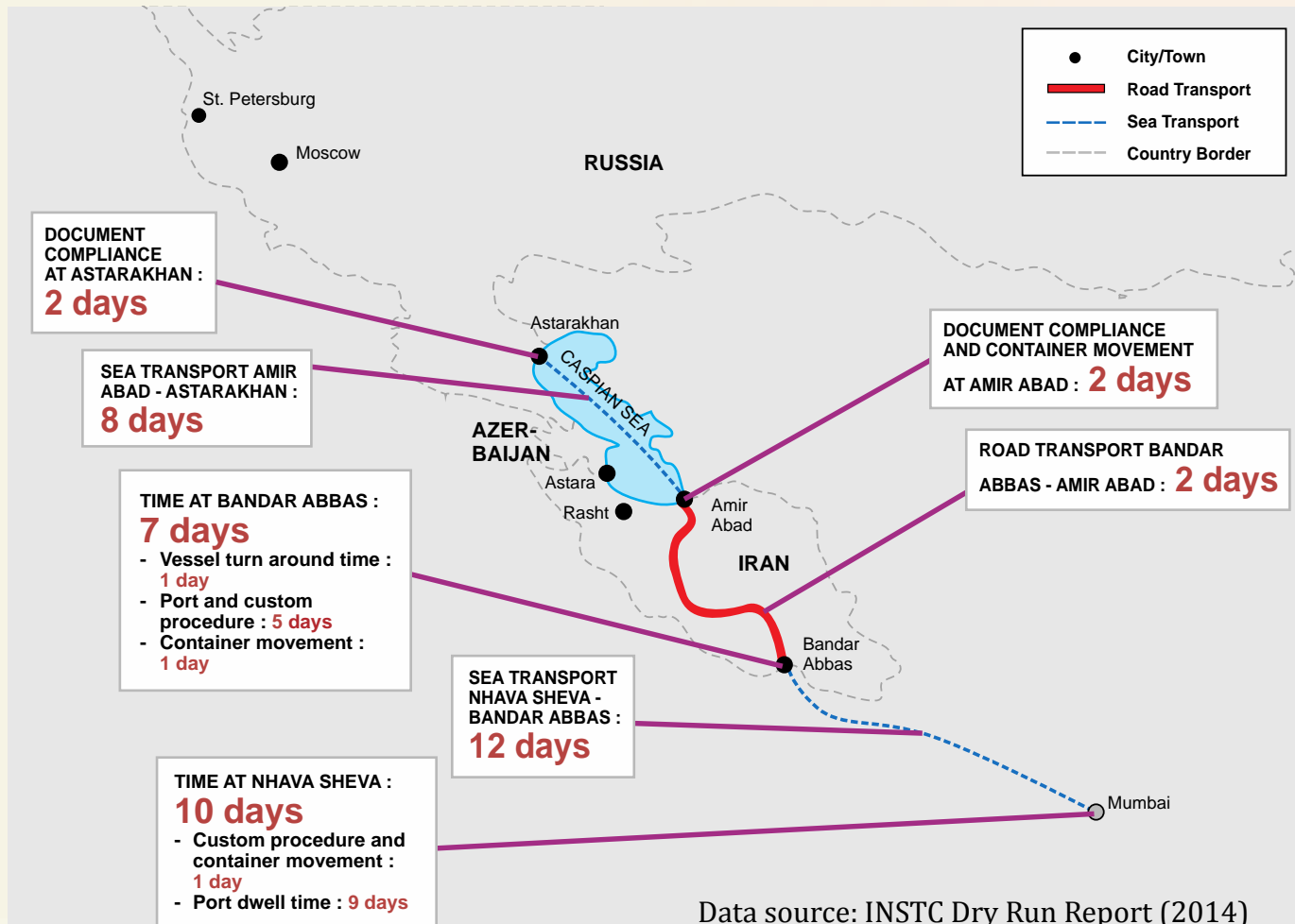
Route	Transit time	Transit cost/TEU
INSTC route 1	32 days	USD 3,882
INSTC route 2	44 days	USD 5,765
INSTC (sea and rail)	26 days	USD 3,550
Traditional route	32 days	USD 3,133

Transit time INSTC route 1 (Mumbai – Baku) = 32 days



Data source: INSTC Dry Run Report (2014)

Transit time INSTC route 2 (Mumbai – Astarakhan) = 44 days



6. Corridor performance monitoring

- ❑ Lack of trade and transport origin-destination data
- ❑ Monitoring through dry runs but no continuous monitoring
- ❑ Small current flows

Conclusion & Recommendation

Conclusion

- Capacity building of INSTC secretariat is limited
- INSTC offers good infrastructure, high safety and security, and efficient custom procedures
- Trade between corridor economies is very low
- Compared to traditional route, INSTC offers shorter routes but higher costs due to inefficient intermodal transfers

Recommendation

- Strengthening the capacity building and institutional framework of the Secretariat
- Increasing the efficiency of intermodal transfers

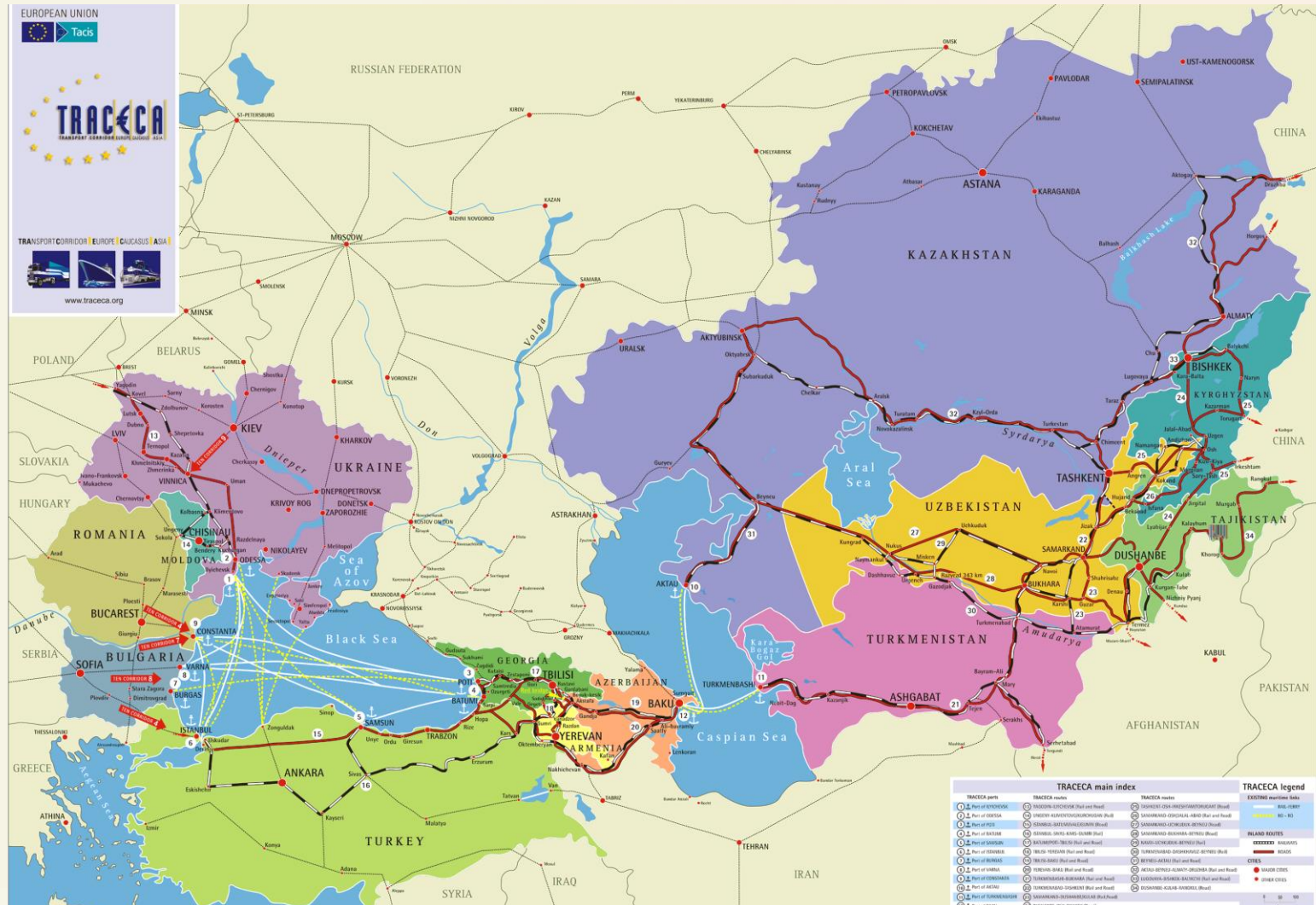
TRACECA (T19-T22, T24)

1. General factors
2. Political and Institutional Factors
3. Economics and Trade
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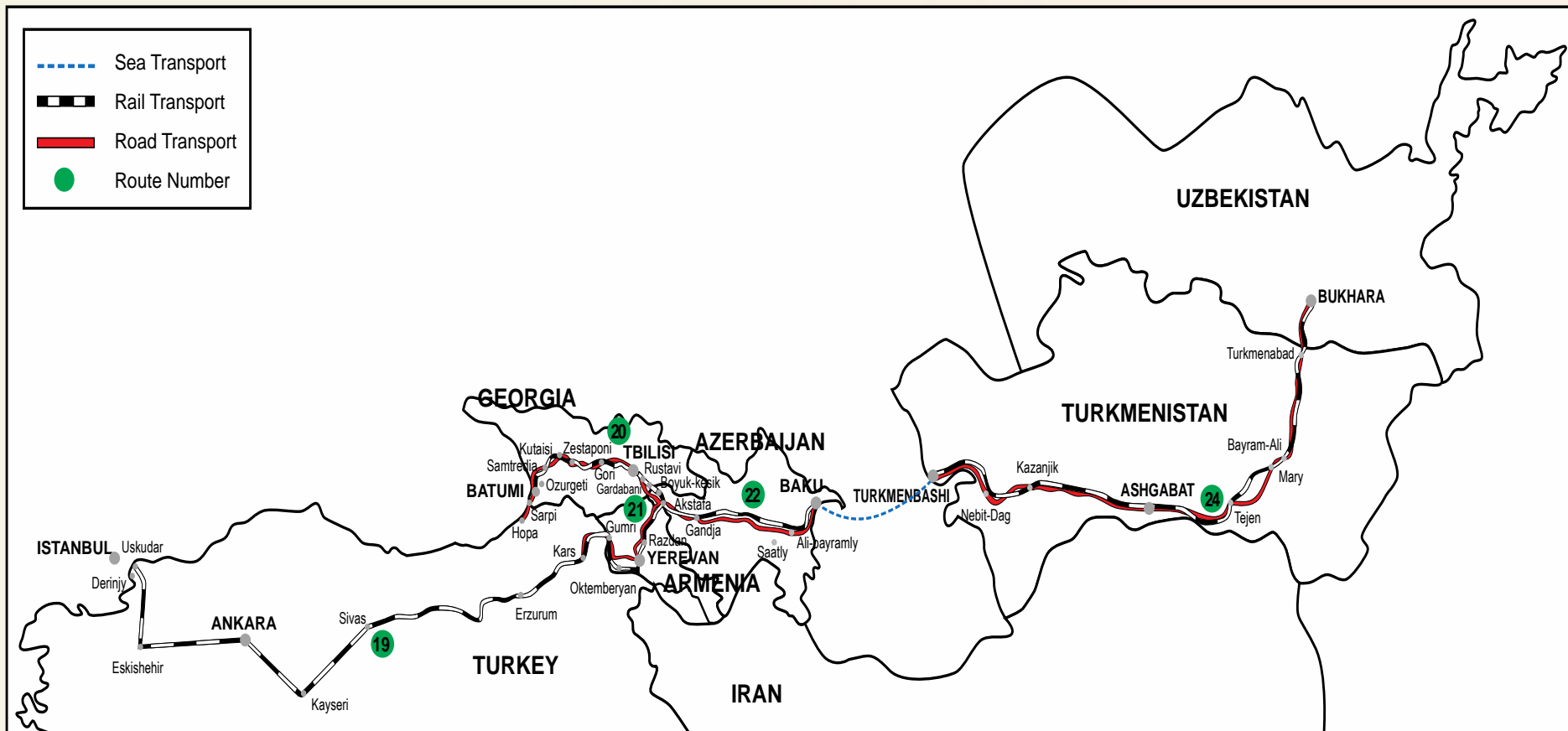
1. General Factors

- Intergovernmental Commission TRAnsport Corridor Europe-Caucasus-Asia
- Member countries:
 - In the selected routes: Turkey, Azerbaijan, Armenia, Georgia, Turkmenistan, Uzbekistan
 - In addition: Bulgaria, Iran, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Ukraine
- 4300 km of routes
- Initiated by the European Union in 1993 after the collapse of the Soviet Union
- Economic development, but also geopolitical reasons like security/stability, European influence and transport option south of Russia

1. General Factors



TRACECA Routes (T19-T22, T24)

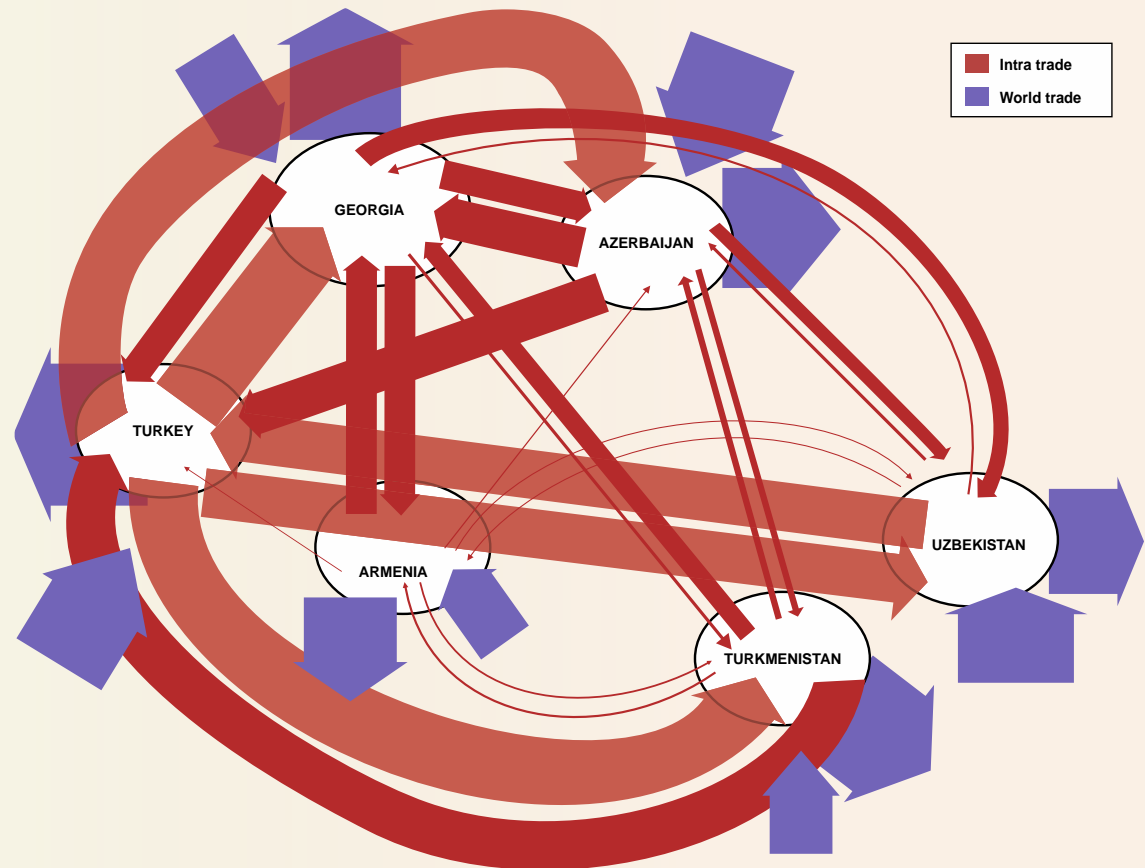


2. Political and Institutional Factors

- 
- Signed by heads of state
 - Consensus decisions
 - Tariffs
 - Technical annexes
 - Secretariat in Baku
 - Staff of 10
 - Legal, land transport and maritime transport experts
 - Works through national coordinators
 - Incorporated in Azerbaijan's Transport Master Plan
 - EU has mainly sponsored Technical Assistance Projects
 - 187 M€, but no current funding
 - Member states pay 60 k€/year and assist in-kind
 - Seeks cooperation with CAREC and INSTC
 - Lack of institutional power

3. Economics and trade

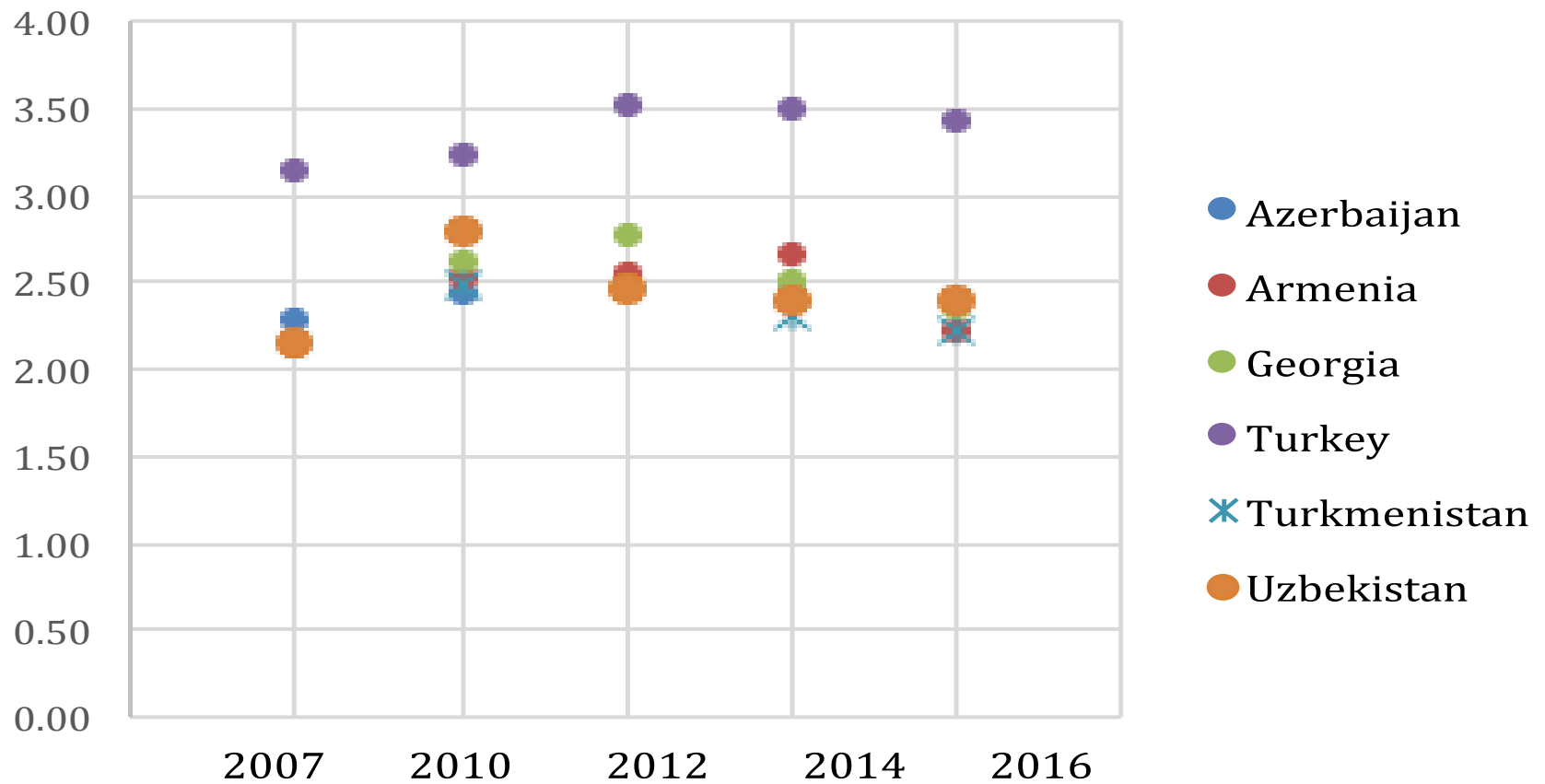
- ❑ Comparatively meagre trade between corridor members
- ❑ Important for the land-locked countries!
- ❑ Petroleum dominating commodity



The trade matrix TRACECA routes T19-T22 and T24 countries

Country		Imports (Million USD)								
		AZER	ARME	GEOR	TURKEY	TURKM	UZB	Total	World	%
Exports (Million USD)	AZER		N/A	449.13	457.50	13.10	61.67	981	12,637	7.8%
	ARME	2.26		142.46	0.48	5.24	1.84	152	1,776	8.6%
	GEOR	153.46	150.65		173.57	10.35	71.30	559	2,114	26.5%
	TURKEY	1,285.84	0.00	1,177.09		1,245.51	533.32	4,242	142,606	3.0%
	TURKM	19.62	6.23	75.48	422.49		N/A	524	7,415	7.1%
	UZB	6.23	1.56	9.26	709.29	N/A		726	6,984	10.4%
	Total	1,467	158	1,853	1,763	1,274	668	7,185		
	World	7,157	3,230	7,236	198,602	4,664	9,141		173,531	
	%	20.5%	4.9%	25.6%	0.9%	27.3%	7.3%			4.1%

Logistics Performance Index



4. Social, Safety, Security and the Legal Liability

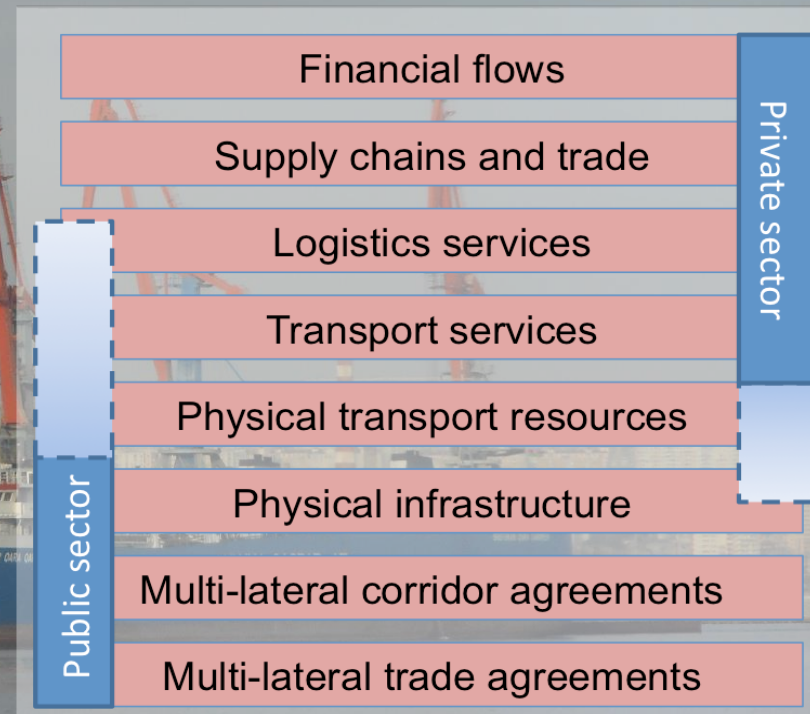
- Subjects of several Technical Assistance Projects
- Not as visible in actions, but TAP results are being implemented

Road deaths and injuries in 2014 in a selection of TRACECA countries.

No.	Country	Police reported injuries	Police reported deaths	WHO corrected 30 day deaths	Deaths/ 100.000 population after data correction	Comments and WHO correction factors
1	Armenia	4,479	297	513	17.23	1.7278
2	Azerbaijan	2,676	1,124	1,461	15.52	1.3
3	Georgia	8,536	511	511	11.77	1
4	Kazakhstan	25,942	2,585	3,184	19.36	1.2319
5	Kyrgyzstan	N/A	1,184	1,220	21.99	1.0304
6	Moldavo	3,080	324	469	13.44	1.447
7	Tajikistan	1,746	446	1,354	16.49	3.0374
8	Turkmenistan	N/A	883	914	17.44	1.1242
9	Ukraine	32,352	4,464	4,464	10.08	1.0008
10	Uzbekistan	N/A	2,298	3,240	11.19	1.4099

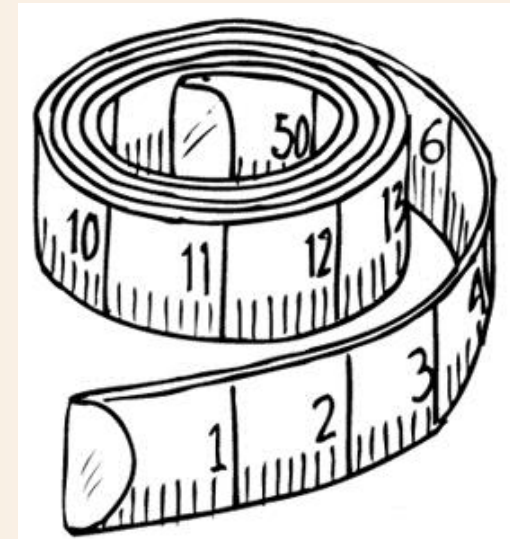
5. Technical, Operational Environment and Energy Factors

- ❑ Involves maritime, rail and road transport with rather equal focus
- ❑ State-owned transport operators dominate
- ❑ Trans-Caspian International Transport Route (TCITR) is an initiative between state-owned transport operators along TRACECA
- ❑ Technical and commercial harmonization on its way, but slowly



6. Corridor performance monitoring

- ❑ Very good data from some Technical Assistance Projects
- ❑ ...but snap-shot views
- ❑ Member countries report statistics in different formats and measures, interpreted by TRACECA Secretariat
- ❑ Areas of improvement discussed at two annual meetings among the national coordinators and annual meetings among ministers
- ❑ Lack of comparable longitudinal data to act upon



Conclusion

- Major advantages
 - Mature corridor well positioned for increased trade within the Eurasian Continent
 - The Secretariat is very important for accumulating experience, giving identity and “a voice”
 - Technical Assistance Projects have resulted in good knowledge and well-investigated actions

- Major challenges:
 - Disputes between some of the member states
 - Increase the intra-trade along the corridor
 - Lack of institutional power
 - Lack of funding ahead to implement results and recommendations from Technical Assistance Projects

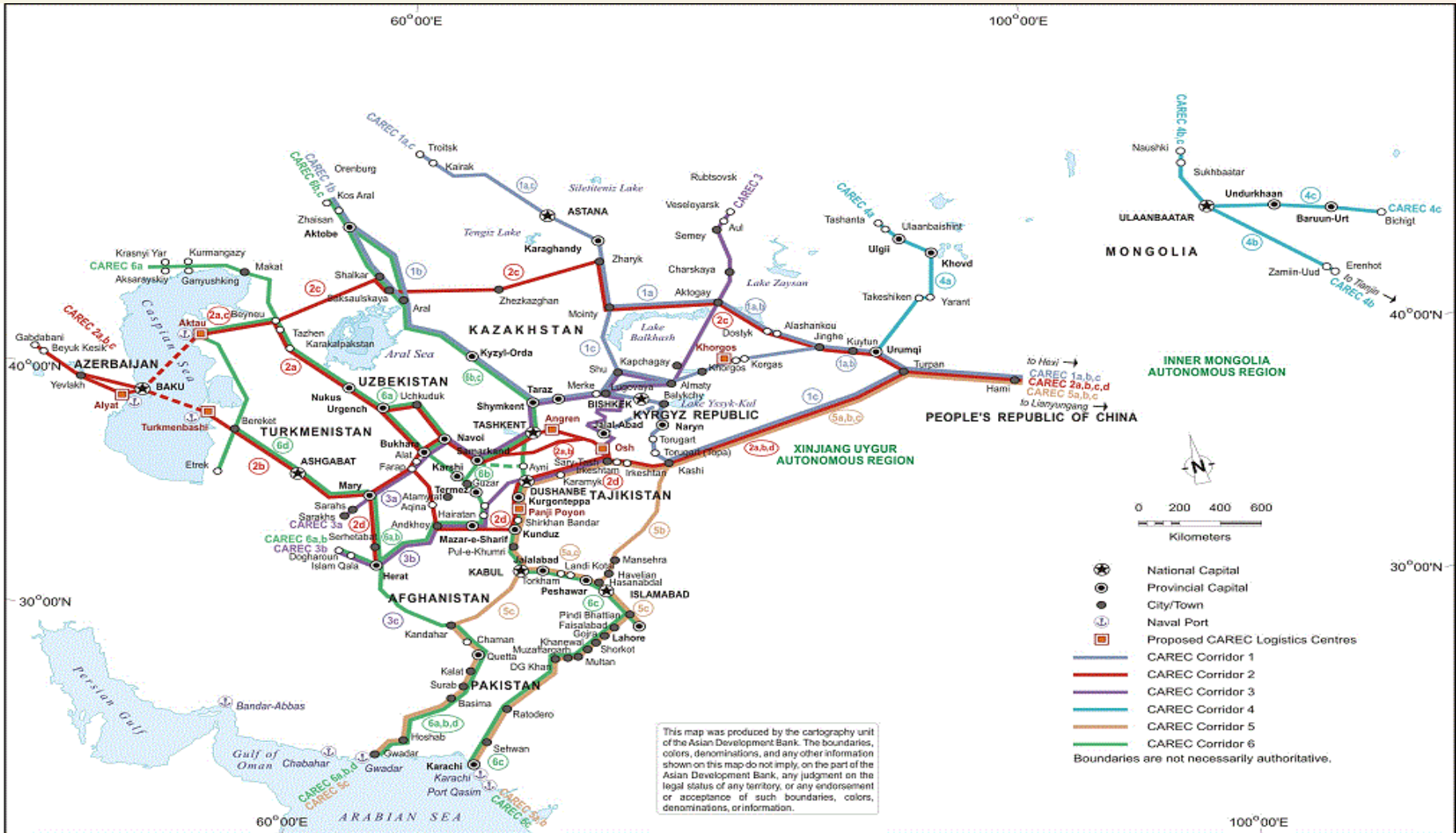
CAREC

1. General factors
2. Political and Institutional Factors
3. Economics and Trade
4. Social, Safety, Security and the Legal Liability
5. Technical, Operational, Environmental and Energy Factors
6. Corridor performance monitoring

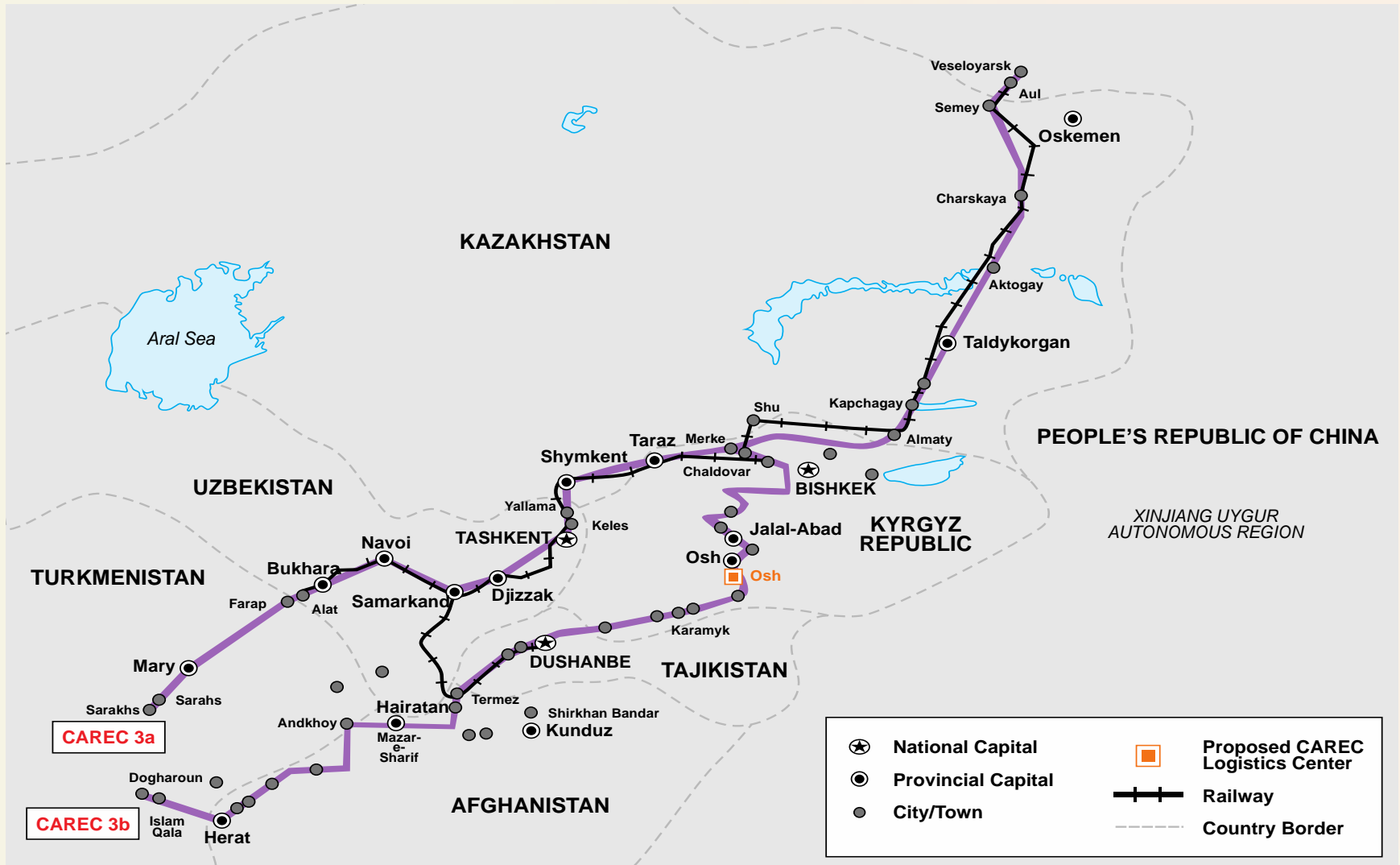
1. General Factors

- Central Asia Regional Economic Cooperation
- 11 countries: **Afghanistan, Azerbaijan, People's Republic of China, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan**
- Covers four sectors: transport, trade facilitation, energy, and trade policy
- Six competitive corridors with 6,900 km of roads and 4,800 km of railways
- Of which in CAREC Corridor 3: **Afghanistan, Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan**
- Initiated by Asian Development Bank (ADB) in 1997

CAREC corridors



CAREC Corridor 3

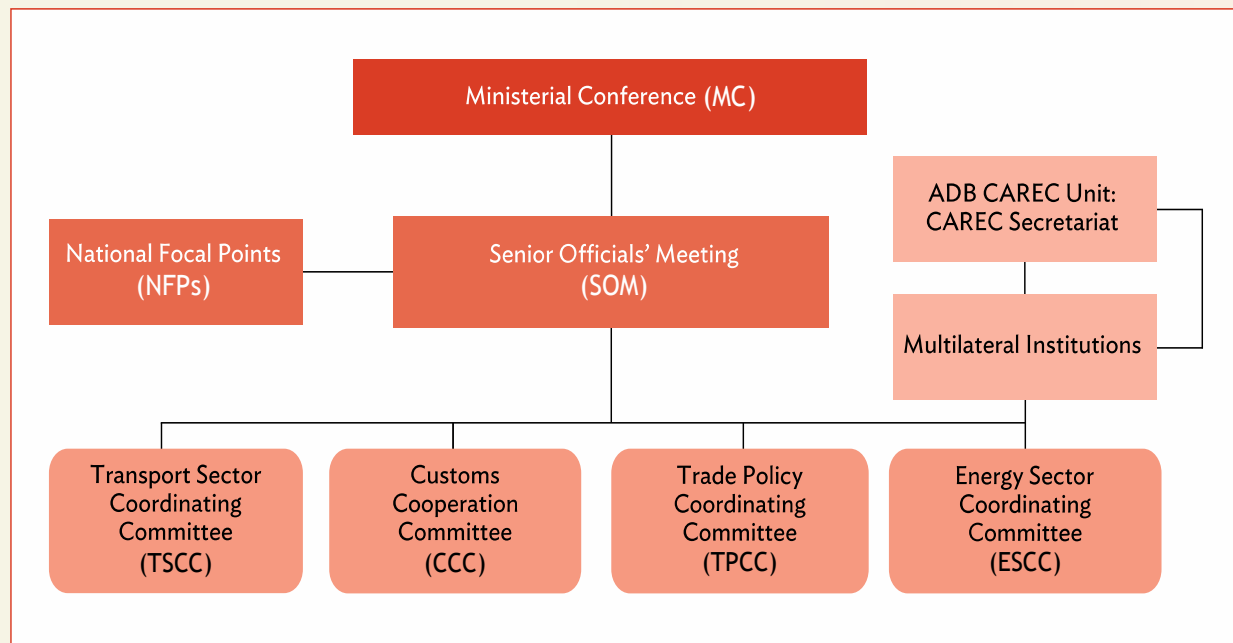


2. Political and Institutional Factors

- Secretariat hosted by ADB in Manila
- CAREC identifies three transport goals
 1. Establish competitive transport corridors across the CAREC region
 2. Facilitate efficient movement of people and goods across borders
 3. Develop safe, people-friendly transport systems

2. Political and Institutional Factors

CAREC overall institutional framework



Source: CAREC 2020, 2012

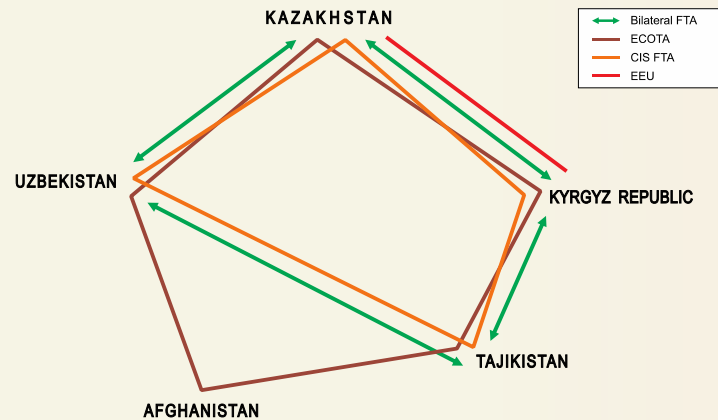
Success factors:

Cooperative approach, Bottom-up mechanism and Interactive approach

3. Economics and Trade

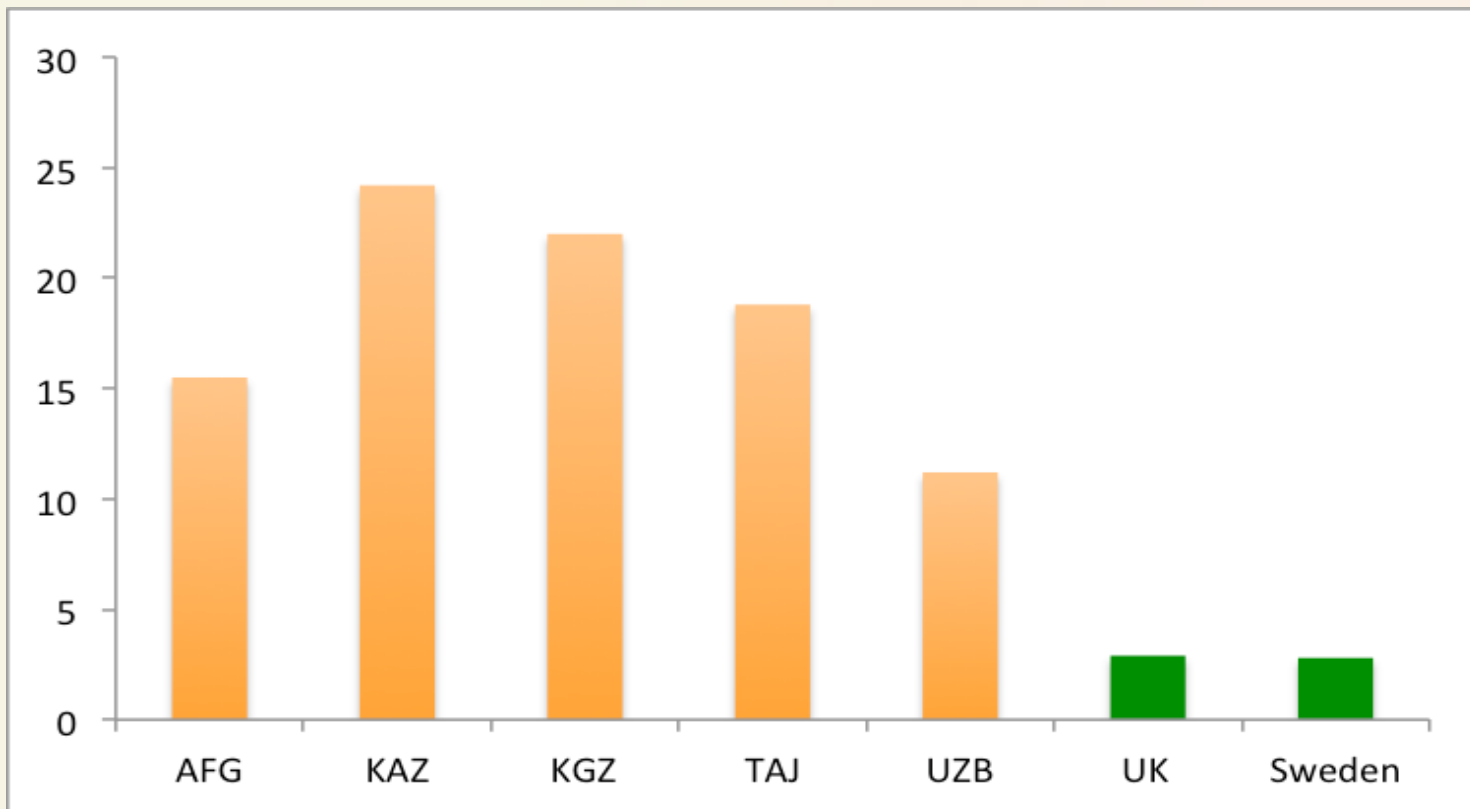
- Much transit traffic
- Tension between some countries manifested in differentiated fees

Trade agreements



4. Social, Safety, Security and the Legal Liability

Road fatalities per 100,000 populations on corridor 3 countries in 2015



Source: Global Status Report on Road Safety 2015, WHO

5. Technical, Operational Environment and Energy Factors

- ❑ Harmonization is a challenge
- ❑ Particularly difficult using rail
 - ❑ Three different rail gauge groups, but 1520 mm along corridor 3
 - ❑ Shippers and forwarders need separate contacts with railway operator in each member state
 - ❑ Lack of through-tariff
- ❑ Policy on environmental and energy issues is premature in corridor 3

6. Corridor performance monitoring

- Report on Corridor Performance Measurement & Monitoring published annually based on $\pm 3,000$ data samples of commercial shipments across Central Asia
- CAREC uses four Trade Facilitation Indicators (TFIs)
 - TFI1: Time taken to clear a BCP (in hours)
 - TFI2: Cost incurred at border-crossing clearance (in USD)
 - TFI3: Cost incurred to travel a corridor section (in USD per 500 km, per 20-ton cargo). A sum of TFI2 and the non BCP cost.
 - TFI4: Speed to travel on CAREC corridors (in kph)

Conclusion

- The maturity of CAREC Overall Institutional Framework highly contributes to the corridor success
- The set objective to promote intra trade is not yet met (intra trade: 8.5%)
- Political tensions, unharmonized transit trade procedures, and low level of automation, hinder the corridor efficiency

Recommendation

- Reviewing bilateral and regional trade agreements
- Promoting political integration
- Increasing efficiency of customs inspection

MULTI CRITERIA ANALYSIS (MCA)

- Used for structuring decisions influenced by different criteria that are not readily comparable on the same scale
- Applied to this Study to assess the performance of 6 case study corridors
- Involving 12 corridor experts (academics, policy makers, advisors)
- MCA process benefits from a larger sample size

Step 1: Criteria Weighting

Criteria	Corridor Experts												Average Score
	1	2	3	4	5	6	7	8	9	10	11	12	
Political and Institutional Factors	2.0	3.0	1.0	2.0	2.5	4.5	0.0	1.5	1.0	1.5	2.0	2.0	1.9
Economic Factors	1.5	1.0	1.0	2.0	1.0	1.5	0.5	1.5	2.0	1.5	3.0	3.0	1.6
Trade Facilitation	2.0	1.0	2.0	1.5	1.5	1.5	0.5	2.0	2.0	1.5	0.5	1.0	1.4
Social Factors	1.0	0.5	1.0	1.0	1.0	0.5	1.0	1.5	0.5	0.5	0.5	1.0	0.8
Safety, Security & Legal Liability	1.0	1.0	1.0	1.5	1.0	0.5	1.0	1.0	2.0	1.0	2.5	1.5	1.3
Technical and Operational Factors	2.0	2.0	3.0	1.0	2.0	1.0	6.0	2.0	2.0	3.0	0.5	1.5	2.2
Environmental and Energy Factors	0.5	1.5	1.0	1.0	1.0	0.5	1.0	0.5	0.5	1.0	1.0	0.0	0.8
<i>Weighting must add to exactly 10</i>	10	10	10	10	10	10	10	10	10	10	10	10	10

Step 2: Assigning performance score

Criteria	TRACECA	CAREC	NTTC	TAH1	INSTC	Mashreq
Political and Institutional Factors	8.0	6.0	6.5	2.5	6.0	2.0
Economic Factors	5.0	6.5	3.0	1.5	5.0	2.0
Trade Facilitation	6.0	7.0	4.5	4.0	3.5	3.0
Social Factors	5.0	6.0	2.5	1.5	2.0	3.5
Safety, Security & Legal Liability	4.0	8.0	2.5	1.0	8.0	2.5
Technical and Operational Factors	7.0	7.5	2.0	2.5	6.0	6.0
Environmental and Energy Factors	3.0	2.5	0.5	0.5	0.5	1.0

Step 3: Weighted Score

Criteria	TRACECA	CAREC	NTTC	TAH1	INSTC	Mashreq
Political and Institutional Factors	15.3	11.5	12.5	4.8	11.5	3.8
Economic Factors	11.3	8.5	9.2	3.5	8.5	2.8
Trade Facilitation	9.8	11.4	7.3	6.5	5.7	4.9
Social Factors	4.0	5.0	2.0	1.2	1.6	2.8
Safety, Security & Legal Liability	3.2	6.3	2.0	0.8	6.3	2.0
Technical and Operational Factors	8.8	9.4	2.5	3.1	7.5	7.5
Environmental and Energy Factors	6.5	5.4	1.1	1.1	1.1	2.2
Total Score	59	58	37	21	42	26

Thank you for listening

Any Questions?