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“Joint Training Program on Promoting Cross-Border Regional Cooperation and Integration for STKEC Development”

TRANSPORT OPERATORS’ PERSPECTIVES ON INTERNATIONAL TRADE AND TRANSPORT FACILITATION IN GEORGIA

Presentation #3 - Nino Chkheidze

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AGENDA

1. Country Information

- 1.1 Reforms in Georgia
- 1.2 Key economic indicators of Georgia
- 1.3 International Connectivity of Georgian inland transport

2. Transport Connectivity and Logistics

- 2.1 Overview of the Georgian Transport Infrastructure Network
- 2.2 Multimodal Transportation
- 2.3 Cross-Border Transport and Logistics

3. Transport Statistics

- 3.1 Tonnage capacity of seaports
- 3.2 Tonnage capacity of railways
- 3.3 Dynamics of transit movement of road transport
- 3.4 Road traffic movement across the border checkpoints

4. Regional Cooperation

- 4.1 Dynamic of Trade Relationship with Central Asia Countries
- 4.2 International Road Transport Permits Along Trans-Caspian Trade Route
- 4.3 Digitalization Process in Georgian
- 4.4 Practical challenges faced by Georgian transport operators on the Trans-Caspian trade route

5. recommendations

KEY ECONOMIC INDICATORS

Georgia - Growing Economy

Area ('000 km²) – 69.7

Population (million inhabitants) – 3.9

Density (inhabitants km²) – 55.95

Gender, women (%) – 52

Labor force, active population - 1.3 million

GDP (\$) - 16.163 billion

Real GDP growth rate (%) – 10.5

GDP per capita, current USD 5,015

Annual Inflation, end of period 2021(%) - 13.9

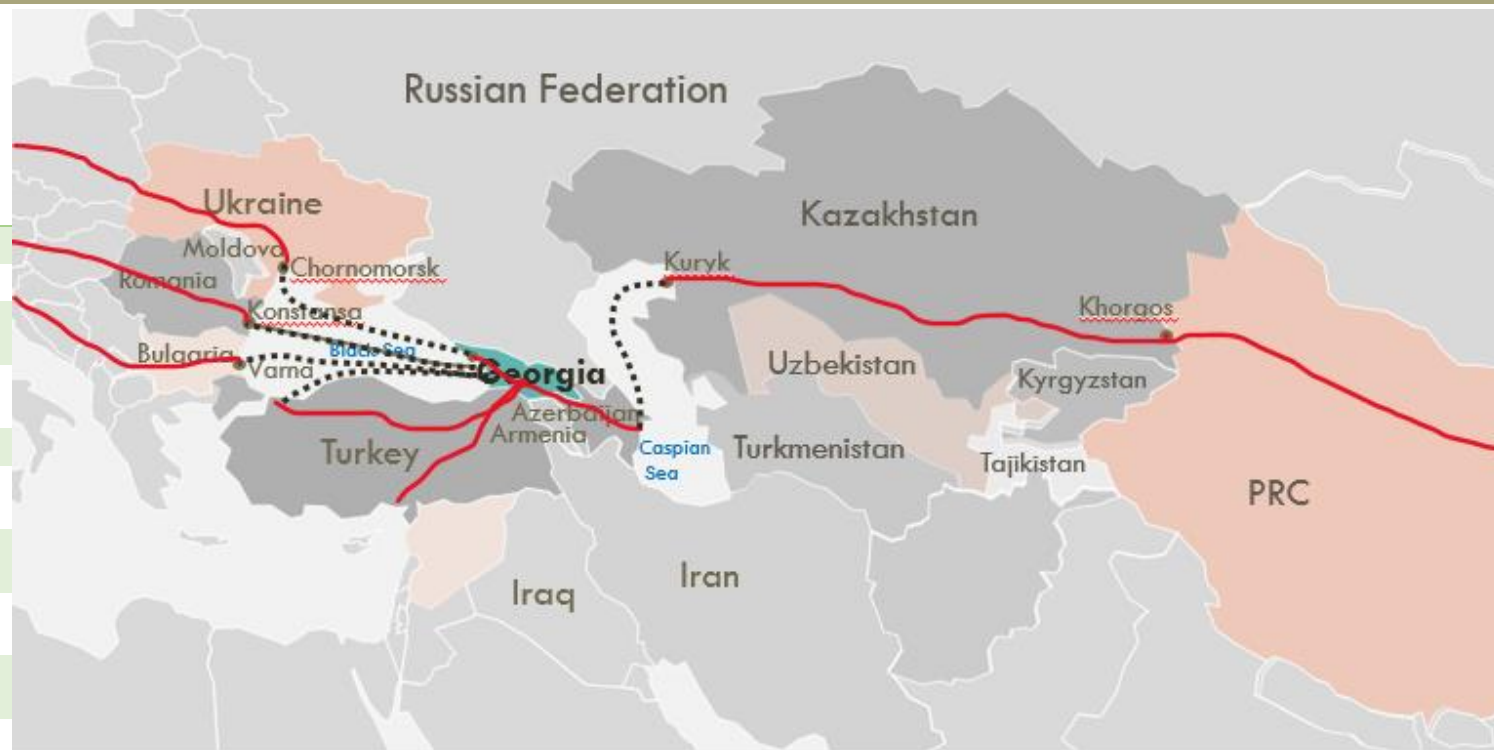
Unemployment rate (%) - 20.6

Neighboring Countries: Turkey, Azerbaijan, Armenia, Russian Federation

Main Sector/Industries: steel, machine tools, electrical appliances, mining (manganese, copper, gold), chemicals, wood products, wine, agricultural products

Main Trade Partner Countries: The EU is the main trade partner of Georgia. Around 23% of its trade takes place with the EU, followed by Turkey (14%) and Russia (12%)

Source: GEOSTAT



OBJECTIVE - THE TRANSIT GATE FOR EURO-ASIAN TRADE AND TRANSPORT: REFORMS IN GEORGIA



Georgia is implementing a series of institutional reforms during the last two decades

- opened its door to the international community.
- has a liberal and free market-oriented economic policy, significantly decreased the number of licenses and permissions, simplified administrative procedures at BCPs,
- signed several preferential trade regimes with partner countries including USA, EU, and China.

Liberal trade regimes provide favorable conditions for the export of products from Georgia

- FTA with CIS, Turkey, Ukraine and the UK
- DCFTA + EFTA
- Generalized system of preferences (GSP) with Us, Canada and Japan
- FTA with China (including Hong Kong)
- Upcoming FTA with Korea, Israel and India

Source: MOESD, 2021

FREE TRADE ACCESS TO 2,3 BILLION MARKET

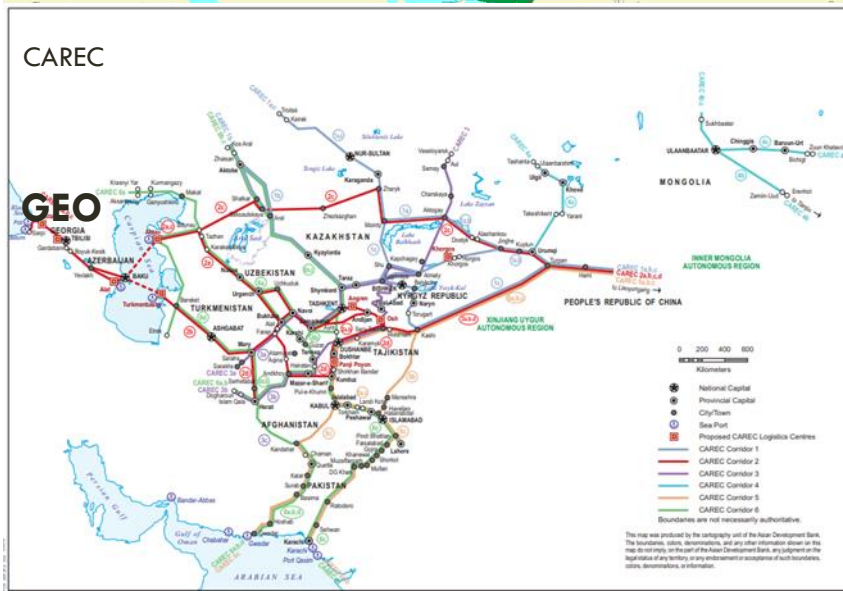
Georgia's liberal trade regimes provide investors with a favorable opportunity to tax-free access major region's markets.

According to the Pan-Euro-Mediterranean (PEM) Convention, Georgia can treat raw materials imported from Turkey as originated in Georgia (diagonal cumulation)

INTERNATIONAL RANKING

- WJP (world justice project) Rules of Law Index 2021
Eastern Europe and Central Asia – **1st** 
- Index of Economic Freedom 2022 – **26th** 
- Ease of Doing Business 2020 – **7th** 
- Global Innovation Index 2021- **63rd** 
- Human Development Index - **63rd** 

INTERNATIONAL CONNECTIVITY OF GEORGIAN INLAND TRANSPORT



Members of the regional program: TRACECA – member since 1993; CAREC – Member since 2016; The One Belt, One Road Initiative (BRI) – since March 2015.

Development of New Transit Routes and Corridors

- **Black Sea - Caspian Sea Corridor** (member states: Turkmenistan, Azerbaijan, Georgia, Romania)
- **Lapis Lazuli Route** (member states: Afghanistan, Turkmenistan, Azerbaijan, Georgia, Turkey)
- **Persian Gulf-Black Sea Corridor** (member states: India, Iran, Azerbaijan, Armenia, Georgia, Bulgaria, Greece)
- **Middle corridor - Railway - Based Multimodal Transportation Connecting Europe and Asia**
Feeder Operations through the Black Sea and the Caspian Sea

Impact of Ukraine war: now business is looking at alternative ways to get goods from China to Europe. Georgia has renewed attention. The crucial importance of the middle corridor.

OBJECTIVE - THE TRANSIT GATE FOR EURO-ASIAN TRADE AND TRANSPORT

Baku-Tbilisi-Kars Railway Line

BTK railway. Small part through Georgia but greatly impacts the development of connectivity. After departing China, trains will cross into Kazakhstan at the Khorgos Gateway before being transported by ferry across the Caspian Sea toward Baku and then heading to Western Europe via Georgia and Turkey.



Ferry services

GEORGIAN RAILWAY ANNUAL CAPACITY AND THROUGHPUT (2021) FOR ALL CARGOES, UNITS IN MILLION TONS

| RAILWAY | ANNUAL CAPACITY | ANNUAL THROUGHPUT / UTILIZATION |
|-------------------|-----------------|---------------------------------|
| Georgian Railways | 27 | 12.1 (44.4%) |

OVERVIEW OF THE TRANSPORT INFRASTRUCTURE NETWORK



Inland transport network:
Road length (total length – 20 424):
International roads – 1 603 km
National roads – 18 400 km



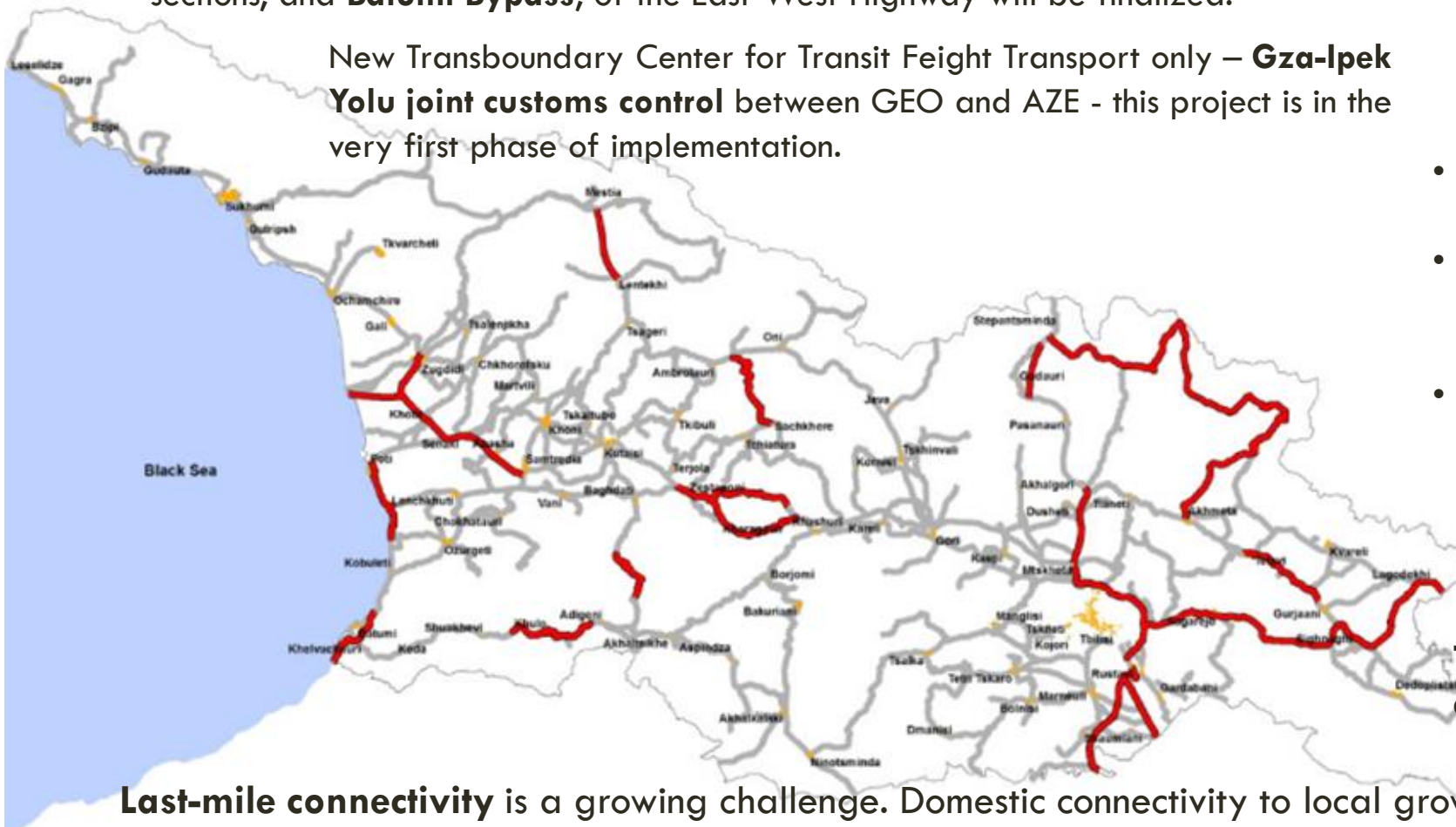
Railway lines length (total length – 1 992 km including 161 km on occupied territories)
International rail lines – 1 224 km
Internal rail lines – 607 km

ONGOING INFRASTRUCTURE DEVELOPMENTS

GEORGIA STARTED SELECT PROJECTS TO FOSTER INCREASED CONNECTIVITY, NOT JUST INCREASED TRANSIT FLOWS.

- The construction of the **Rikoti, Samtredia-Grigoleti, and Grigoleti-Choloki** sections, and **Batumi Bypass**, of the East-West Highway will be finalized.

New Transboundary Center for Transit Freight Transport only – **Gza-Ipek Yolu joint customs control** between GEO and AZE - this project is in the very first phase of implementation.



- The construction projects of all border checkpoint-bound international highways will continue, including the 23-kilometer **Kvesheti-Kobi** section with a 9-kilometer tunnel that will be finalized by 2024
- construction of the 27-kilometer **Natakhtari-Zhinvali** highway.
- The construction of **Batumi-Sarpi, Tbilisi-Sadakhlo, and Tbilisi-Red Bridge** highways will be launched.
- The construction of the **Baghdati-Abastumani, Sachkhere-Oni, Tbilisi-Shatili, Batumi Akhaltsikhe**, and other sections of national roads will be finalized.

Tbilisi-Batumi trip will take about 3.5 hours, and the travel time from Red Bridge to the border in Sarpi will be cut from 8 to 4-4.5 hours.

Last-mile connectivity is a growing challenge. Domestic connectivity to local growth poles is as important as international linkages.

LARGE-SCALE INFRASTRUCTURE PROJECTS DONORS AND PARTNERS — ROAD INFRASTRUCTURE DEVELOPMENT



WB – World Bank



EU – European Union



Kuwait Fund



EIB – European
Investment Bank



ADB – Asian
Development Bank



JICA – Japan
International
Cooperation Agency



AIIB – Asian
Infrastructure
Investment Bank

GEORGIAN TRANSPORT INFRASTRUCTURE



Potential to develop into a logistics and transport hub for the Caucasus region, particularly for services such as intermodal/multimodal and trans-shipment hubs



Airports – 6

- International -3
- Domestic -3



Ports – 4

- Poti
- Batumi
- Kulevi
- Supsa

the **Anaklia Deep Water Port Project** would increase the competitiveness of the region and its position in the wider transit ecosystem.

FREE INDUSTRIAL ZONES IN GEORGIA: FOUR FIZs OPERATE IN GEORGIA WITH A TOTAL REGISTERED AREA OF 380 HA

Poti FIZ

300 ha

A range of activities, including light manufacturing and more heavy industries, such as chemical, steel, and processing

● Planned Logistics Center

Kutaisi FIZ

27 ha

Manufacturing water electric heaters, household appliances, technical oils, and metal tiles.

Hualing Kutaisi FIZ

36 ha

There are five enterprises operating: wood processing, furniture production, stone processing, metal construction, and mattress production.

Tbilisi FIZ

17 ha

Technology, trading and services, light industrial manufacturing, logistics, warehousing and other.

LC Kutaisi

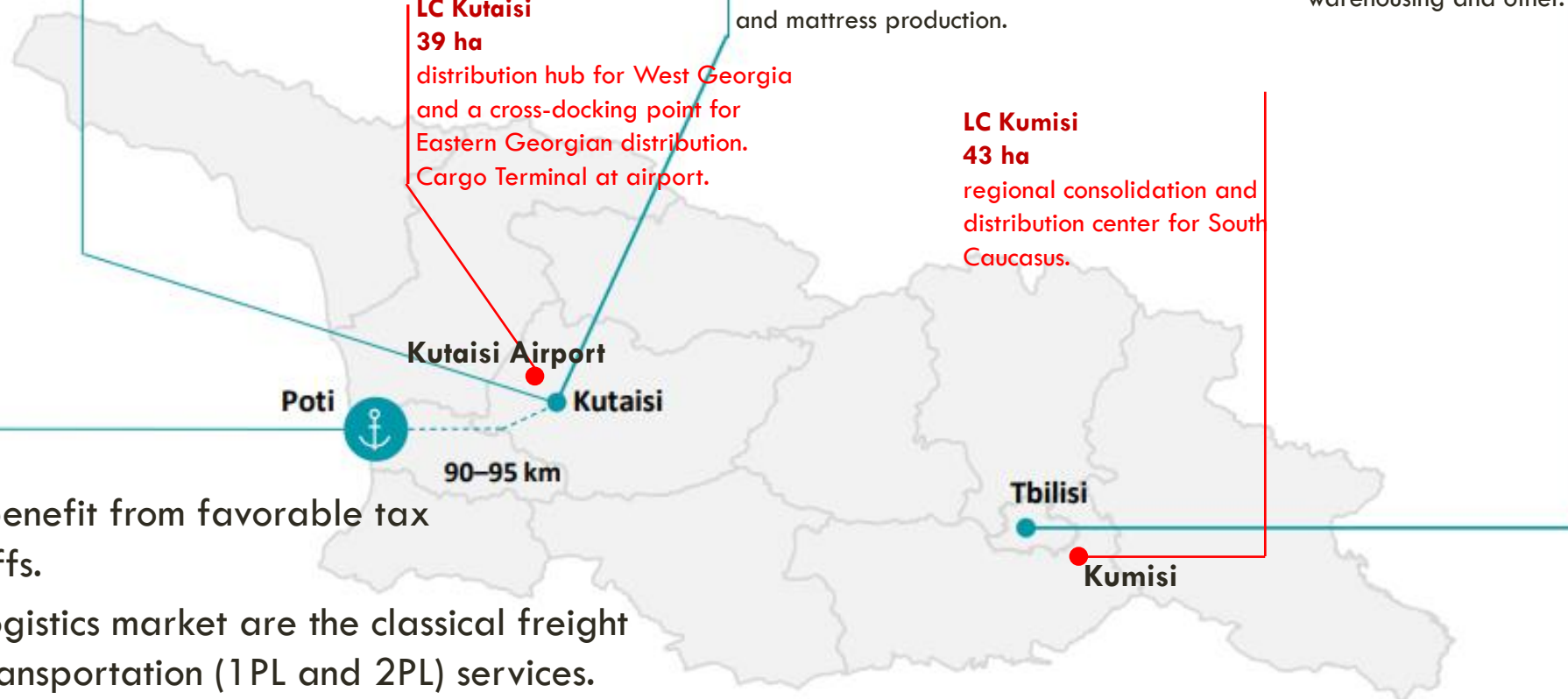
39 ha

distribution hub for West Georgia and a cross-docking point for Eastern Georgian distribution. Cargo Terminal at airport.

LC Kumisi

43 ha

regional consolidation and distribution center for South Caucasus.



Companies registered in a FIZ benefit from favorable tax regimes and lowered utility tariffs.

Main players in the Georgian logistics market are the classical freight forwarders, arranging mainly transportation (1PL and 2PL) services.

FREE INDUSTRIAL ZONES – ADVANTAGES AND BENEFITS



Source: <https://potifreezone.ge/poti-fiz-infrastructure/>

Strategic location and customs procedures

- Access to Poti Sea Port – one of the largest seaports in the Black Sea;
- Direct access to international highways and railway lines;
- Easy access to the international airports: distance from Tbilisi international airport – 350 km; Batumi Airport – 90 km; Kutaisi Airport – 110 km;
- International freight forwarding and transportation companies in the city;
- two customs points available 24/7 for road and rail cargo;
- Poti FIZ provides simplified customs procedures; customs clearance in 30 minutes with modern customs infrastructure.

Tax-free environment

Advantages – easy business set-up (1 day), financial advantages, operation advantages, “Made in Georgia” Certificate of Origin.

Utility services

Tax Comparison - you are not paying

| TAX | POTI FIZ | GEORGIA |
|---|----------|-----------|
| Import | 0% | Up to 12% |
| VAT | 0% | 18% |
| Corporate Income | 0% | 15% |
| Corporate Income for service companies | 15% | 15% |
| Dividend | 0% | 5% |
| Personal Income | 20% | 20% |
| Pension | 2% | 2% |
| Property | 0% | 1% |
| Trade with Georgia | 4% | - |

Hualing Kutaisi Free Industrial Zone, cost-effective and operational benefits:

- Company registration & bank account opening in 12-24 hours;
- 0% tax on corporate profit, dividend withdrawal, property, import/export taxes and VAT;
- No legal requirement for the minimum initial capital or investments;
- Easy procedure for 100% capital & profit repatriation;
- Fast & effective customs services at the entrance of the Free Zone;
- No sectorial and volume limitations on products/raw materials import/export through Free Zone;
- Lowest operational costs, including the cheapest electricity in the region (exempt from VAT);
- Lowest costs on the ready-made warehouses and industrial buildings;



HUALING KUTAISI
FREE INDUSTRIAL ZONE

INTERNATIONAL TRADE

TOP 10 COUNTRIES ACCOUNT TO 67% IN TERMS OF TOTAL IMPORT AND 77% IN TERMS OF EXPORT.

Partner countries for exports in 2021



Partner countries for imports in 2021

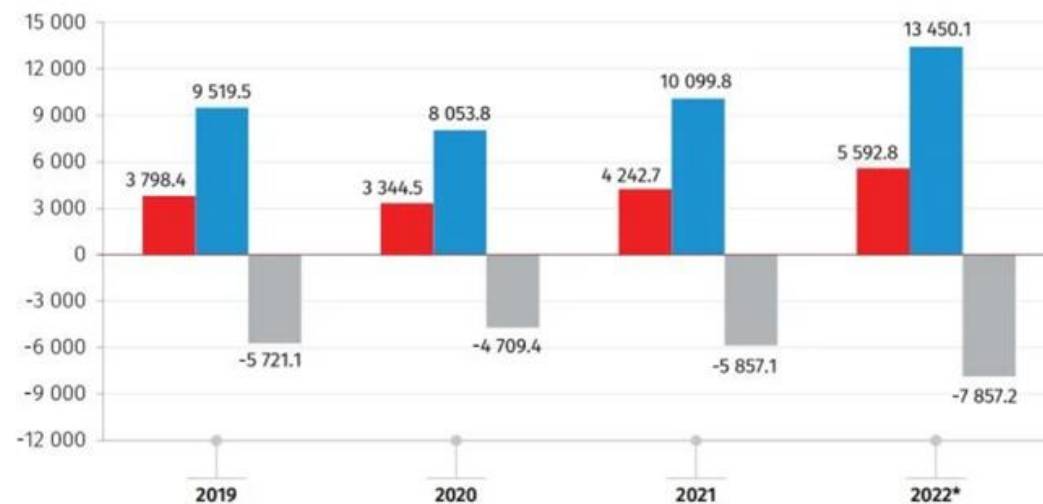


More import than export in Georgia, with a big trade disbalance. Full transport enter the country, empty transport leave the country.

150 000 trucks only transit, without doing business with Georgia, this puts a **big load on Georgia infrastructure.**

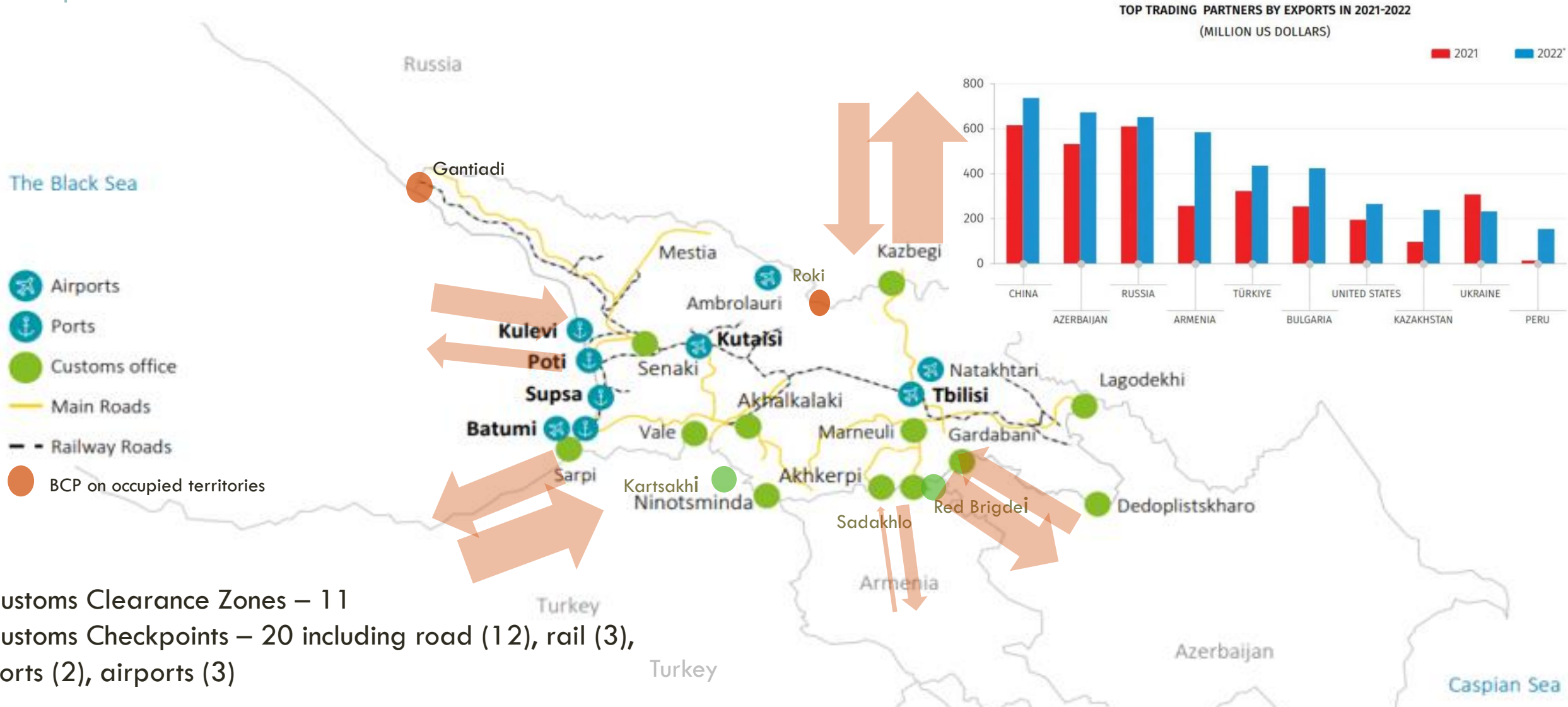
Management of **border checkpoints** is key.

GENERAL DATA ON EXTERNAL TRADE OF GEORGIA IN 2019-2022
(MILLION US DOLLARS)



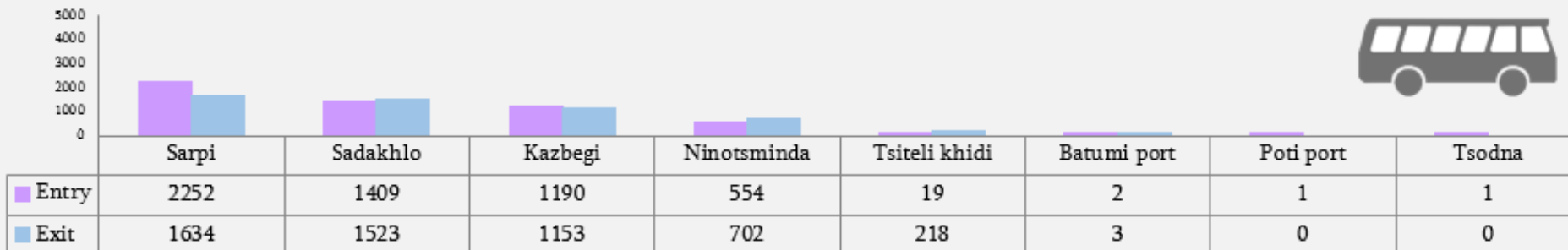
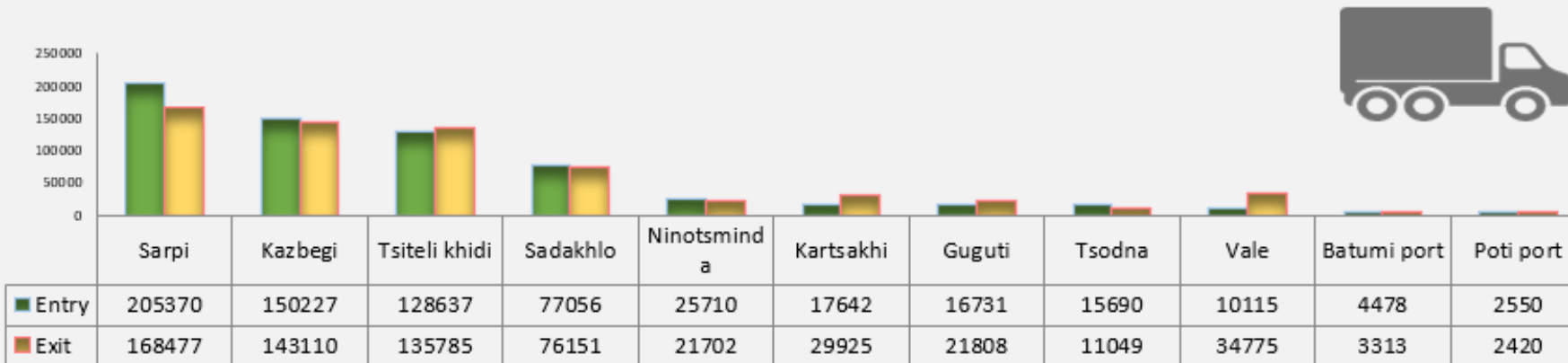
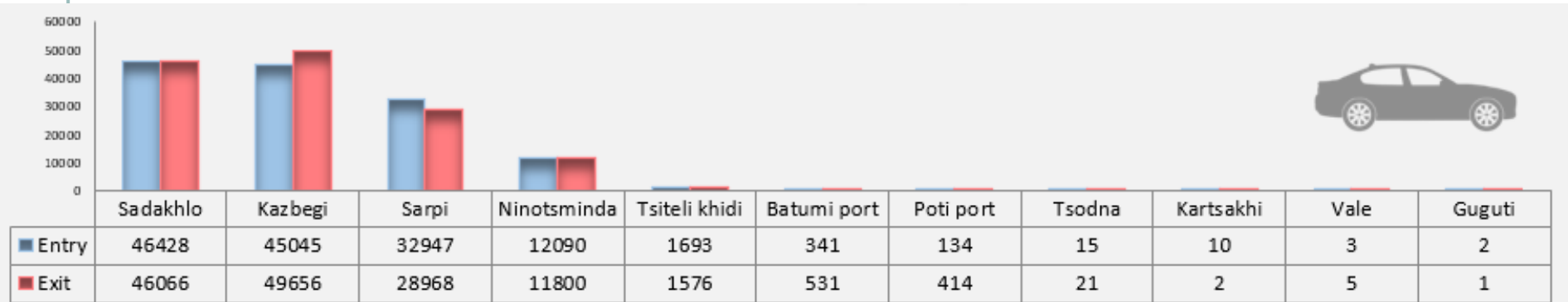
*Preliminary data.

MAIN BORDER CROSSING POINTS WITH NEIGHBORING COUNTRIES



Customs Clearance Zones – 11
 Customs Checkpoints – 20 including road (12), rail (3), ports (2), airports (3)

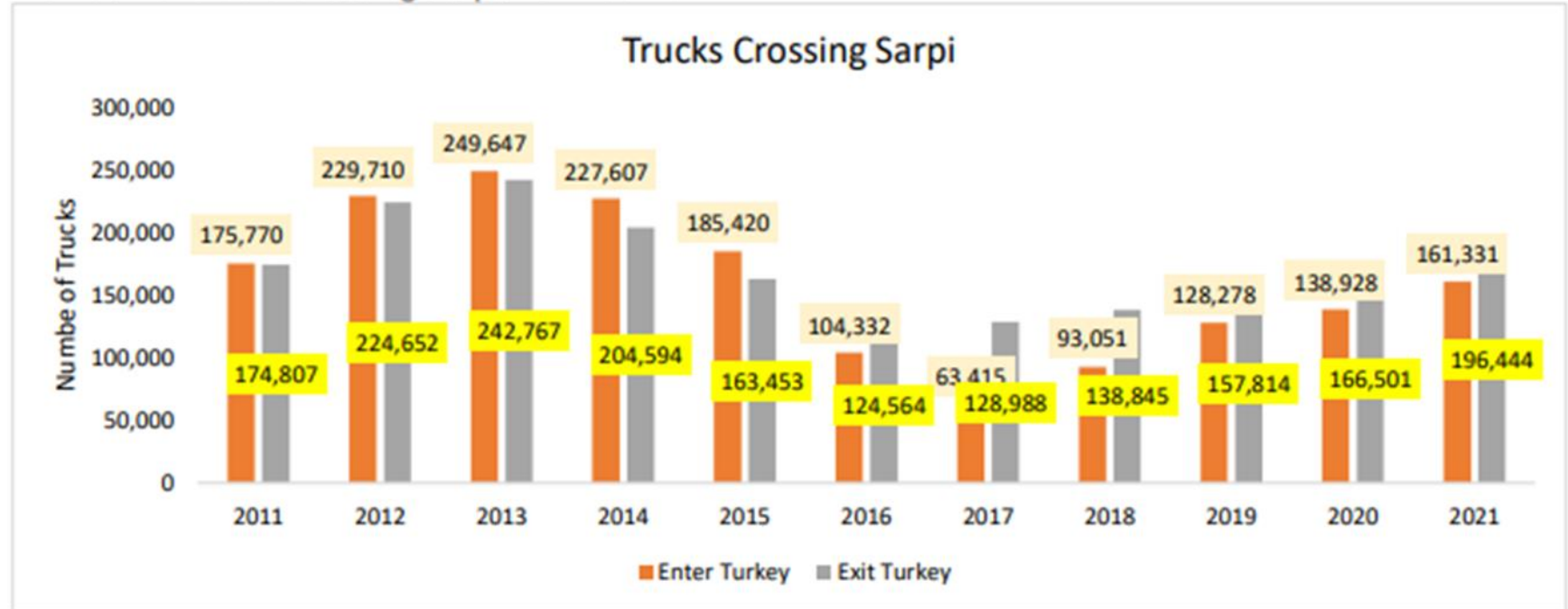
DYNAMICS OF ROAD TRAFFIC MOVEMENT ACCORDING TO BORDER CHECKPOINTS (2021)



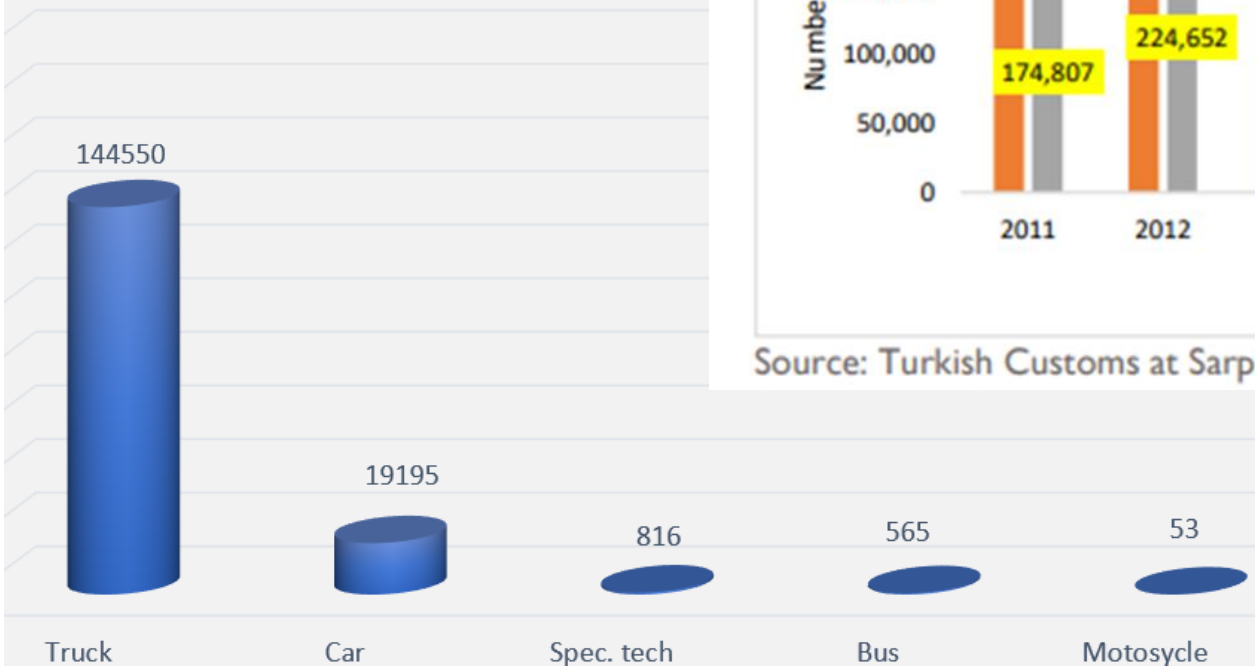
DYNAMICS OF TRANSIT MOVEMENT OF ROAD TRANSPORT (2021)

50%-60% transit transportation

Number of trucks crossing Sarpi, 2011 to 2021



Source: Turkish Customs at Sarpi



ABOUT THE SARPI LAND BORDER-CROSSING POINT

Long queue of trucks at Sarpi

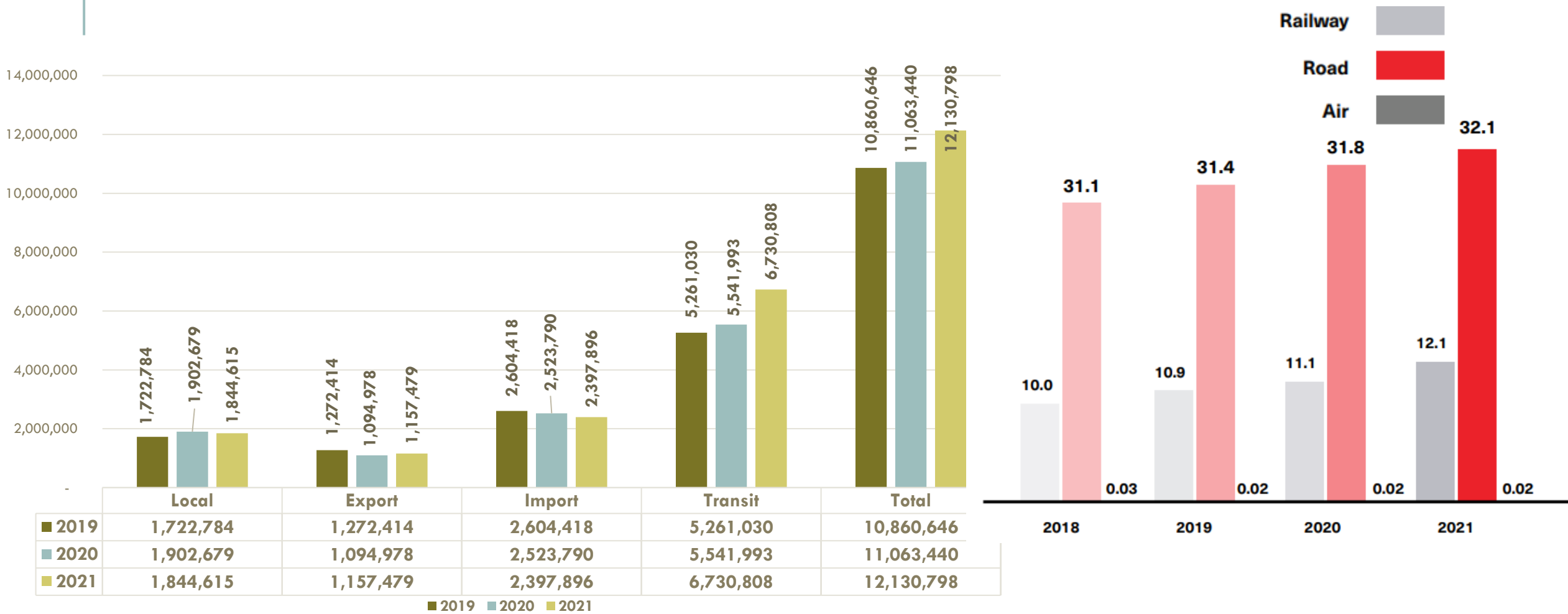


BCP between Turkey and Georgia

- 400 to 600 (in one direction) trucks cross daily.
- **Georgia side** -17 gates, of which 8 are used for inbound and outbound directions (5 for trucks, 2 for buses and 1 for passenger cars), one gate is reserved for emergency purposes.
- 6 gates can be used for trucks.
- each truck can complete the required formalities within 4-6 minutes.
- There is a limit to optimizing the current workflow.
- **Turkish side** - 4 gates (2 inbound and 2 outbound), so this becomes a bottleneck when the vehicles enter the Turkish side.
- The average truck crossing time is 30 minutes (If the truck is empty, the process takes 5 minutes.)
- There is no green lane at Sarpi.

In summer Turkish customs estimate there are 2,000 trucks waiting at the Turkish side to cross the border into Georgia. Assuming a throughput of 600 trucks per day, there would need to be 3-4 days without any new truck arrivals to allow the current pool of trucks to pass through..

TRANSPORTED VOLUME BY TRANSPORTATION MODE (MILLION TONS)



Source: Ministry of Economy and Sustainable Development of Georgia

BLACK SEA FERRY MOVEMENT. TONNAGE CAPACITY OF SEAPORTS

Even the existing port capacities are underutilized (Poti, Batumi)



Source: Asian Development Bank

ANNUAL CAPACITY AND THROUGHPUT ALONG THE TRANS-CASPIAN INTERNATIONAL ROUTE (2021), UNITS IN MILLION TONS

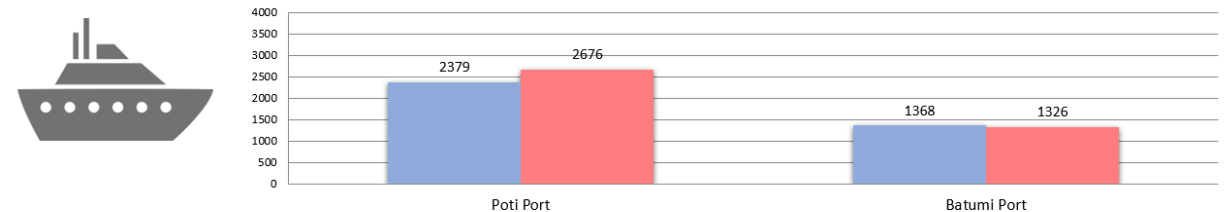
| SEAPORTS | ANNUAL CAPACITY | ANNUAL THROUGHPUT / UTILIZATION |
|--------------|-----------------|---------------------------------|
| Aktau | 17.7 | 4 (22.6%) |
| Kuryk | 6 | 1 (16.9%) |
| Alyat (Baku) | 15 | 5.6 (37.1%) |
| Poti | 15 | 7.1 (47.3%) |
| Batumi | 18 | 3.9 (21.6%) |

CONTAINER TRAFFIC ALONG THE TRANS-CASPIAN INTERNATIONAL ROUTE (2021), UNITS IN TEUS

| SEAPORTS | ANNUAL CAPACITY | ANNUAL THROUGHPUT / UTILIZATION |
|--------------|-----------------|---------------------------------|
| Aktau | 100,000 | 30,000 (30%) |
| Kuryk | 30,000 | 7,378 (24.5%) |
| Alyat (Baku) | 100,000 | 45,025 (45.0%) |
| Poti | 550,000 | 302,054 (54.9%) |
| Batumi | 200,000 | 99,195 (49.5%) |

The Caspian region is prone to stormy weather, which can occur for 90 days or more each year. This can further delay a vessel's departure schedule.

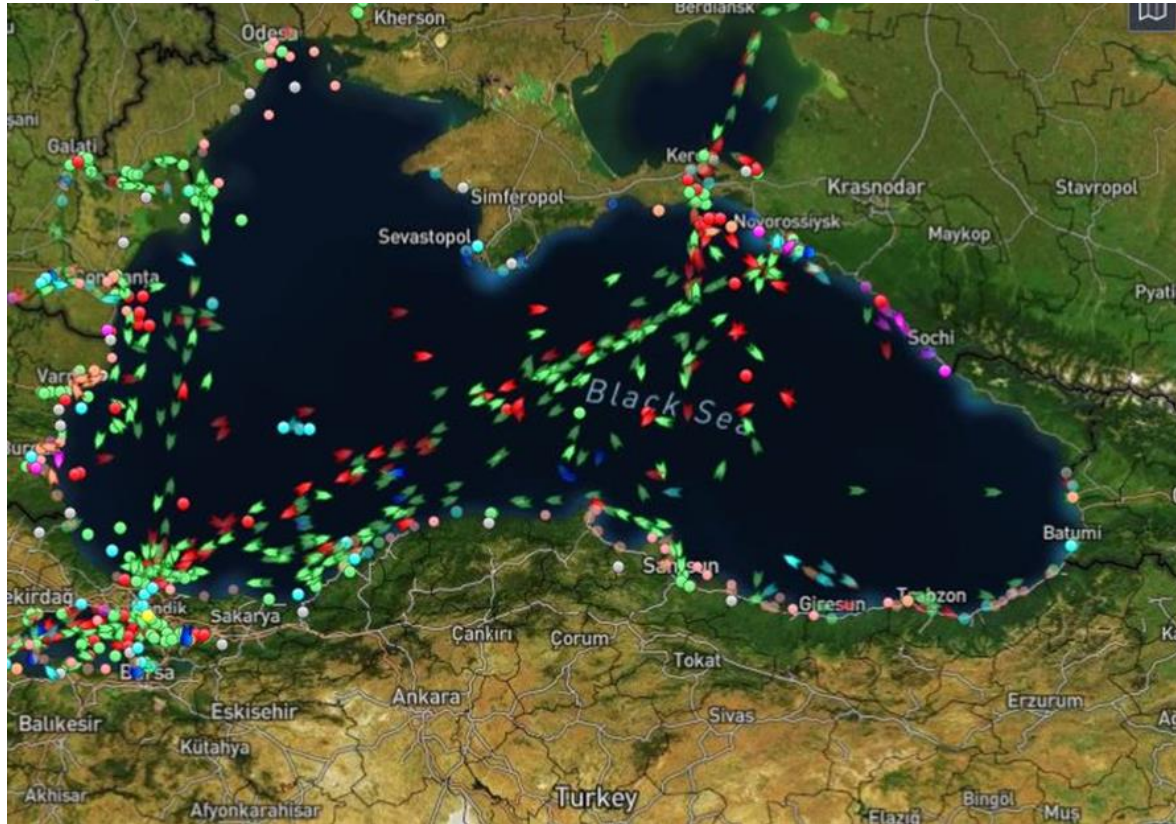
Dynamics of sea transportation of trucks (entry + exit)



Source: Asian Development Bank¹⁰

BLACK SEAPORTS ARE UNDERUTILIZED

LACK OF REGULAR FERRY ROUTES BETWEEN GEORGIA AND THE EU



Great potential from existing seaports. Even the existing port capacities are underutilized (Poti, Batumi). Lack of ferry services on the Georgian side and difficulties to get to Europe. Georgian ports are not really involved in the multimodal movement of goods.

Certain operational inefficiencies have exacerbated Black Sea ports. These inefficiencies include the lack of parking space, the relatively limited use of digital solutions and the lack of qualified specialists.

Ferry Service Between Poti and Constanta Starts in May

A REAL NEED FOR INNOVATION IN THE RIVER SECTOR

Transport of goods on the Saône (the river in eastern France)



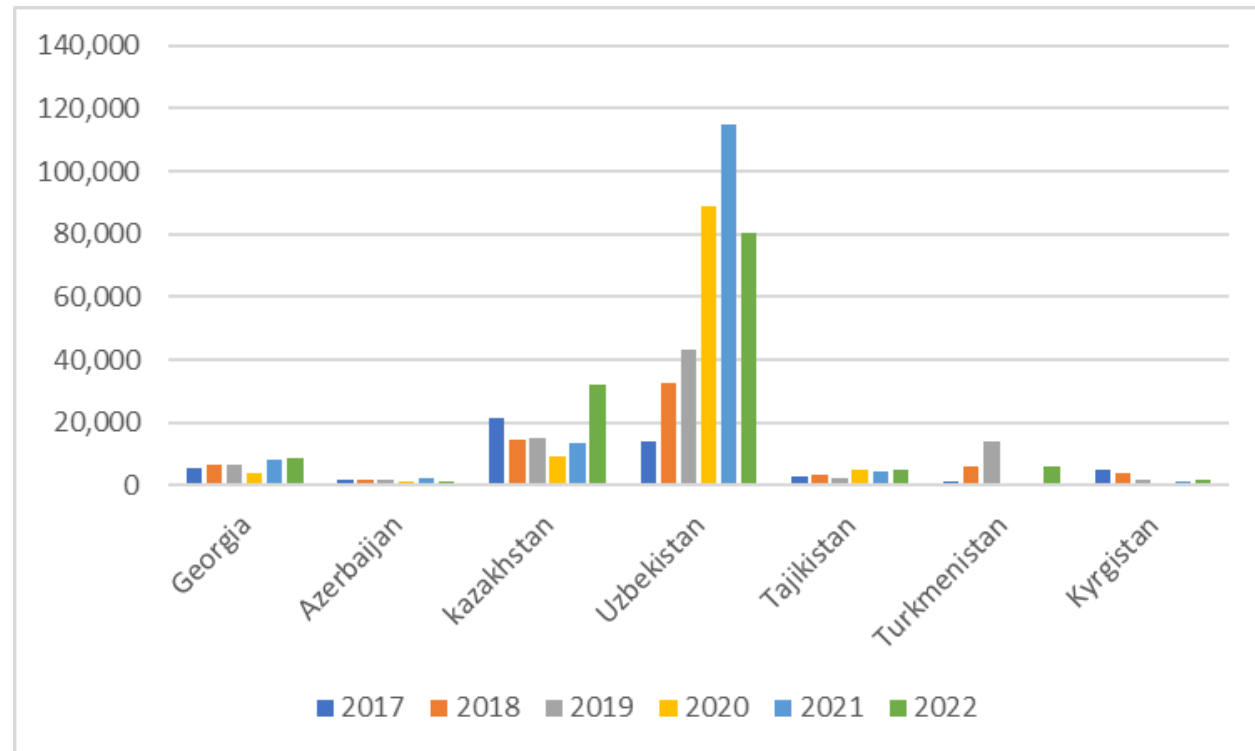
Source: <https://www.cara.eu/en/nos-filieres/transport-fluvial/>

In the current context of global warming and ecological transition, the development of river transport appears to be a relevant technical solution in view of its low energy consumption per ton or passenger transported. While Georgia has an extensive river network and large seaports, it appears that this mode remains underutilized despite the context of expanding sustainable development.

TOTAL AMOUNT OF TIR CARNETS ISSUED BY IRU TO NATIONAL ASSOCIATIONS 2017-2022

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------|--------|--------|--------|--------|---------|---------|
| Georgia | 5,500 | 6,500 | 6,500 | 4,000 | 8,000 | 8,800 |
| | | | | | +100% | +10% |
| Azerbaijan | 1,900 | 1,800 | 1,900 | 1,200 | 2,250 | 1,100 |
| | | | | | +87.5% | -51,1% |
| Kazakhstan | 21,300 | 14,700 | 15,000 | 9,300 | 13,500 | 32,060 |
| | | | | | +45.2% | +137.0% |
| Uzbekistan | 14000 | 32,400 | 43,000 | 89,000 | 115,000 | 80,326 |
| | | | | | +29,2% | -31.0% |
| Tajikistan | 3,100 | 3,400 | 2,300 | 5,150 | 4,600 | 4,750 |
| | | | | | -10.7% | +3,3% |
| Turkmenistan | 1,000 | 6,000 | 14,000 | 0 | 0 | 6,000 |
| Kyrgistan | 4,800 | 4,100 | 2,000 | 800 | 1,050 | 1,806 |
| | | | | | +31,3% | +72% |

Source: <https://unece.org/sites/default/files/2023-01/TIRCarnets2001-2022.pdf>



Georgia- 9970 (+25%)

Uzbekistan – 110666 (+22.7%)

GIRCA (Georgian International Road Carriers Association) Members

- About 300 major and active members
- Over 15000 trucks carrying out international shipments
- All of them use TIR
- Most shipping is multimodal

DYNAMICS OF BILATERAL PERMITS ISSUED IN THE DIRECTION OF TAJIKISTAN, UZBEKISTAN AND KAZAKHSTAN IN 2019-2022

| | 2020 | 2021 | 2022 | 2023 |
|----------------------|------|------|------|------|
| IKA | 89 | 89 | 194 | 40 |
| ALEXANDRE GHIRADZE | | 168 | 807 | 309 |
| EL CAPITAL LOGISTICS | | 4 | 106 | 21 |
| ASLO TRANS | 44 | 62 | 86 | 10 |
| LARIANA NARMANIA | 103 | 158 | 339 | 20 |
| INSTRAOPCHA | 25 | 39 | 56 | 15 |
| SAR GROUP | 93 | 52 | 133 | 21 |
| GIANTI LOGISTICS | 28 | 136 | 432 | 104 |
| MAKHNO | | | 87 | 24 |
| TEA MEGRELADZE | 11 | 31 | 124 | 18 |
| LA TRANCE | | | 38 | 15 |
| KAKHABER GOGOKHIA | | 4 | 63 | 27 |
| GEORGIAN EXPRESS | | | | 39 |
| GEVA TRANS | | | 37 | 26 |
| MAMUKA SAMKHARADZE | | | 19 | 39 |
| H END F SPEED LLC | | 10 | 59 | 13 |
| GEORGIA TRANS | | | 35 | 7 |
| VEYSEL TRANSPORT | | 53 | 153 | 30 |
| LUK TRANSI | | | 46 | 30 |
| MEGATRANS LOGISTIC | 29 | 41 | 60 | 86 |
| | 422 | 847 | 2874 | 894 |
| | | | | 5258 |

Source: Asktir.web and GIRCA

Table The dynamic of Issued TIR Carnets to road carriers transported goods toward Central Asia

| Country/Permit | 2019 | 2020 | 2021 | 2022 |
|---------------------------|------|-------|-------|-------|
| Tajikistan | 174 | 296 | 416 | 352 |
| Third country | 109 | 136 | 134 | 22 |
| Bilateral, tranzit | 65 | 160 | 282 | 330 |
| Uzbekistan | 755 | 2,550 | 2,874 | 2,027 |
| Third country | 246 | 1,551 | 1,638 | 642 |
| Bilateral, transit | 509 | 999 | 1,236 | 1,385 |
| Kazakhstan | - | - | 4,066 | 7,040 |
| Third country | - | - | 771 | 2,263 |
| Bilateral, tranzit | - | - | 3,295 | 4,777 |
| Total | 929 | 2,846 | 7,356 | 9,419 |

Source: Land Transport Agency

Table Number of road carriers registered in 2019-2022

| year | units |
|------|-------|
| 2019 | 3,772 |
| 2020 | 4,108 |
| 2021 | 5,067 |
| 2022 | 5,696 |

Source: Land Transport Agency



STATUS OF E-TIR IN GEORGIA

Status of eTIR in Georgia

- Georgia has finalized the interconnection to the eTIR international system in accordance with Annex 11 and passed the mandatory conformance tests.
- Draft Addendum to the Guarantee Agreement on ETIR Procedure was signed in 2022 with Georgian Revenue Service.
- the Addendum concerning the use of electronic guarantees (hereinafter referred to as “eGuarantees”) has been signed in line with the provisions of Annex 11 to the TIR Convention.
- The present Rules have been elaborated as part of the Associations TIR Manual in order to provide guidelines regarding the use of eGuarantees.
- Last year, GIRCA managed the system technically and the staff received training about eTIR.

PROPOSED ACTIONS TO IMPROVE THE EFFICIENCY OF THE TRANSPORT SECTOR

- Rehabilitate and upgrade the existing rail and roads for external and/or internal transport connectivity; Creation additional roadside facilities to accommodate the growing traffic in the region;
- Improving the infrastructure and operation of maritime transport, increasing the throughput of Black Sea ports, expanding fleet capacities, organizing the regular movement of cargo ships and ferries (RO-RO), providing necessary loading equipment, installing intermodal facilities at seaports, improving terminal services at seaports (cargo storage, temporary storage warehouse, cargo distribution, cold storage) and other measures;
- Complete the construction and modernization of BCP; further digitalization of the processes and documents, based on the best practices of other countries, the implementation of digital tools for security and trade facilitation, including the digitalization of the TIR, CMR, vehicle entry permit systems, and others; Strengthening institutions, harmonizing existing regulations, and other aspects.
- Develop and implement a data exchange system between ports, and provide an opportunity for transport participants to receive up-to-date transparent information about port operations and ferry operators, such as services provided, opportunities, timeframes, and cost of cargo handling and shipment by sea, etc;
- implement joint control at checkpoints of neighboring countries or recognition of other participating countries' control verifications. For example, the planned pilot joint control project on the border between Georgia and Azerbaijan, will significantly reduce the border crossing time and increase the competitiveness of the transport corridors;
- Implement measures to digitalize the forms of permits for international road transport of goods (e-permit) in the country;
- Increasing the capacity of personnel that are involved in the transport, customs, and logistics sectors, including increasing the competency level of personnel in maritime, rail, and road transportation.

| Carec2a | CAREC 2b |
|--|--|
| Country/Route | Country/Route |
| TUR Sarp (road) - BCP | Sarp (road) - BCP |
| GEO Sarpi (road) - BCP Batumi Poti Tbilisi – Kutais- Senaki (split) Red Bridge (Tsiteli Khidi) (road) -BCP | Sarpi (road) - BCP Batumi Poti Tbilisi – Kutais- Senaki (split) Red Bridge (Tsiteli Khidi) (road) -BCP |
| AZ Red Bridge (road) (Krasny Most) - BCP Agstafa- Yevlakh Baku (port) | Red Bridge (road) (Krasny Most) - BCP Agstafa- Yevlakh Baku (port) |
| KAZ Aktau Tazhen (road) – BCP Zhibek-Zholy(road) - BCP Konysbayevo (road) - BCP Syrdarya (road) - BCP Tselinniy (road) - BCP Kazygurt (road) - BCP Atameken (road) - BCP Kaplanbek (road) - BCP | Aktau Beyneu- Aktobe-Kyzilorda-Shymkent-Almaty |
| UZB Karakalpakstan Daut-Ata(road) Nukus- Urgench (converge)- Bukhara- Samarkand- Djizzak (converge)- Tashkent- Angren Yallama(road) - BCP Saryasia (road) - BCP | Nukus- Urgench (converge)- Bukhara- Samarkand- Djizzak (converge)- Tashkent Oybek (road) – BCP Gisht Kuprik (road) – BCP |
| TAJ Tursunzade (road) - BCP Dushanbe | Fotekhobod(road) - BCP Khujand |

INTERNATIONAL BORDER CROSSING POINT USED BY INTERNATIONAL TRANSPORT OPERATORS



UZBEKISTAN, YALLAMA BCP



The sequence of border-crossing activities is:

- (i) Immigration control,
- (ii) Weight control,
- (iii) Transport control (scanning of vehicles),
- (iv) SPS control (if applicable),
- (v) Customs control.

At the entrance of Yallama BCP, heavy transport vehicles carrying cargoes will proceed to immigration. The second operation is weight control. The vehicle number and the weight of the vehicle and cargoes are displayed on an electronic signboard as shown on the left. On average, a truck spends 20 mins to complete border-crossing. However, the waiting time could be much longer. In summer, there could be 300 trucks moving in both directions. The BCP has a truck parking facility (capacity for 130 trucks), and it costs 40,000 UZS (no time limit). There is also a customs warehouse newly built with a floor area of 5,000 m².

KAZAKHSTAN-UZBEKISTAN BCP



STATUS OF THE CURRENT BORDER CONTROLS

| Control Activities | Georgia | Kazakhstan | Tajikistan | Uzbekistan |
|---|---|--|--------------------|----------------|
| Pre-Arrival Processing | Yes | Yes | Yes | Yes |
| Risk Management System | Yes | Yes | Yes | Yes |
| Single Window | Yes | Yes | yes | No |
| Authorized Economic Operators | No | ? | Yes | Yes |
| Joint Customs Inspection | No GEO/AZE joint control at GEO/AZE BCP - this project is in the very first phase of implementation. | No (Formerly at Ak Zhol-Kordai with KGZ but discontinued) | No | No |
| Customs Transit | TIR | TIR / EAEU | TIR | TIR |
| Sanitation and Phyto-Sanitary Inspections (SPS) | WTO/CODEX/OIE/IPPC | WTO/CODEX/OIE/IPPC | WTO/CODEX/OIE/IPPC | CODEX/OIE/IPPC |

SHIPMENT COST AND TIME ACROSS TRANS-CASPIAN TRADE ROUTE ACCORDING TO THE TRANSPORT OPERATORS/ROAD CARRIERS DATA

COMPARISONS OF SHIPMENT COSTS AND TIME ACROSS ROUTES

(Road, Caspian Sea crossing)

| ROUTES | ESTIMATED COST (US\$) | ESTIMATED TIME (DAYS) |
|--------------------------------|-----------------------|-----------------------|
| Tajikistan to Turkey | \$3,800 | 15 days |
| Turkey to Tajikistan | \$7,900 | 16 days |
| Uzbekistan to Turkey | \$4,000 | 16days |
| Turkey to Uzbekistan | \$6,500 | 16days |
| Turkey to the Kyrgyz Republic | \$8,500 | 14 days |
| Kazakhstan to Georgia | \$3,300 | 13 days |
| Georgia to Kazakhstan | \$6,500 | 13 days |
| Tajikistan to Georgia | \$2,500 | 13 days |
| Georgia to Tajikistan | \$6,300 | 16 days |
| Georgia to Uzbekistan | \$6,300 | 13 days |
| Georgia to the Kyrgyz Republic | \$6,600 | 15 days |
| Kazakhstan to Georgi | \$3,500 | 14days |
| Uzbekistan to Georgia | \$3,000 | 14 days |

PROPOSED ACTIONS TO REDUCE THE COST AND TIME OF BORDER CROSSING

The following actions are proposed Along the Trans-Caspian Trade:

- Complete the construction and modernization of BCP;
- Modernize infrastructure and equipment at BCPs;
- Separate passenger traffic from freight traffic at road BCPs;
- Implement an electronic queuing system;
- Publish estimated numbers of trucks and queuing time;
- Establish electronic Single Window facilities at all BCPs;
- Harmonize data requirements for customs clearance of goods and establish an exchange of data systems among the electronic Single Windows for foreign trade;
- Transition from reliance on physical inspections to risk management;
- Introduce a move toward digitalizing TIR at the BCPs;
- Conduct regular Time Release Studies at the main BCPs;
- Consider the establishment of joint customs, transport, and SPS controls at BCPs.

PROPOSED ACTIONS FOR ROAD TO IMPROVE ROAD TRANSPORT CONNECTIVITY

The following actions are proposed Along the Trans-Caspian Trade Routes:

- Rehabilitate or upgrade the existing roads that are important to external and/or internal transport connectivity; Creation additional roadside facilities to accommodate the growing traffic in the region;
- Introduce ITS with automated WIM stations along major highways to strengthen traffic management and road preservation;
- Prohibit repeated weighing of trucks with sealed load compartments;
- Harmonize the countries' national standards on the weights of road vehicles to facilitate international shipments by road.

Thank you

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