

Transport, transit and transactions

Easing trading bottlenecks in landlocked States

BY SUSANNA LÖÖF AND ROEL JANSSENS

Giant distances on roads so bad that trucks transporting goods can travel only at a snail's pace, kilometre-long waiting lines at border crossings, and visa rules so rigid that many companies find themselves banned because of violations: These are just a few of the challenges faced by countries without direct access to the sea as they try to get their products to the marketplace.

To remove these stumbling blocks to progress, the Office of the Co-ordinator of OSCE Economic and Environmental Activities has launched an ambitious programme to bolster international action through dialogue and partnerships among the various stakeholders. Out of a United Nations list of 31 landlocked developing countries, nine are OSCE participating States: Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, the former Yugoslav Republic of Macedonia, Turkmenistan and Uzbekistan. (Belarus and Serbia, also landlocked, are not members of the special UN group.)

The OSCE's special initiative began in January 2006 under the Belgian Chairmanship and continues this year, with a major conference on trans-Asian and Eurasian transit transport set for 23 and 24 October in Dushanbe, Tajikistan. The topic was also examined at a conference on strengthening co-operative security between the OSCE and its Asian Partners for Co-opera-

tion on 12 and 13 June. Hosting the event was Mongolia, itself a landlocked country.

Noting that Central Asia is particularly marginalized in the global trading system due to its remoteness from the sea and from principal world markets, Bernard Snoy, Co-ordinator of OSCE Economic and Environmental Activities, says that linking up the region with the Indian Ocean would provide a shorter transportation route, but that it could take decades before connections are created or sufficiently upgraded.

"Trade and transportation links with China, which shares a 3,300-km border (2,050 miles) with the Central Asian landlocked countries, are also taking on increasing importance," he adds. "So China, too, has a vested interest in an improved transit environment."

Effective solutions are sorely needed in Kazakhstan, which is 3,750 km (2,330 miles) away from the nearest sea outlet, making it one of the world's most landlocked countries.

"The long delivery time of goods ultimately adds to their value and reduces the country's competitiveness," says Munavara Paltasheva, director of the Forum of Entrepreneurs of Kazakhstan.

National borders also present an obstacle to exporters because of complex, expensive and time-consuming customs procedures. It takes five days to collect all the required documents and another seven to get final authorization,



Ms. Paltasheva says. “There are too many controlling bodies at the borders that do nothing but sell stamps. High customs duties are the worst problem we face today.”

And the vehicles proceed at a snail’s pace. “A truck transporting goods from Khargos at the Chinese border to Tashkent in Uzbekistan moves at an average speed of 31 kph (19 mph),” she says. “Total time spent at borders is around 20 hours.”

Another constraint, she adds, is the different rail widths in Kazakhstan and in China, which need to be standardized.

The OSCE is fostering co-operation aimed at helping Kazakh and other entrepreneurs in the region overcome the impediments posed by geography, thereby contributing to their development and prosperity. The blueprint is the Almaty Programme of Action, a landmark document adopted at a United Nations conference in Kazakhstan in 2003, which seeks to promote global partnerships in transit transport matters (see next page).

Although building better highways and rail systems in landlocked countries does not fall within the OSCE’s ambit, the organization can still make a difference, Mr. Snoy says. “The role we are very capable of playing is that of a facilitator and a political catalyst offering a platform for dialogue and co-operation among international actors as well as among our participating States.”

However, it is the landlocked countries themselves that will have to drive the efforts forward, he adds. “There should be more coherence in national policies and trade, and transport facilitation should be embedded in the countries’ economic and social strategies.”

Back in Kazakhstan, transport companies struggle not only with potholes and customs queues, but also with visa rules that are so strict that many companies end up violating them, says Theodor Kaplan, General Secretary of Kazakhstan’s Union of International Road Carriers.

The length of stay permitted in the country issuing a Schengen visa is often limited to ten days — not enough time for transporters to deliver goods to their destination, pick up a return load and leave Schengen territory. Those who fail to exit before their visa expires may be slapped with a lifelong entry ban.

“It means that most companies are deprived of the possibility of delivering goods to these countries, and stay out of this market,” Mr. Kaplan says. “More than 50 companies have been deprived of the right to enter Schengen countries in the past two years.”

He urges countries to reach an agreement that would allow the granting of visas with a longer period of validity, thus enabling companies to complete their transactions. “The real solution is at least an annual multi-entry visa for bona fide professional drivers without specific restrictions on time and Schengen space,” he says.

Eduard Titov, transport department manager at the CBC Transport Company, says it takes 15 days to transport goods from Kazakhstan to Hamburg — provided there are no delays at the borders.

“The most serious problem at the borders is the bribes,” he says. “From year to year, they are increasing. Customs procedures are not regulated, which frequently leads to delays at the borders.”

These factors combine to “significantly decrease the level of exports and imports of the Republic of Kazakhstan and keep its economy from developing,” he adds.

Businesses in other landlocked developing countries face similar hurdles. In Kyrgyzstan, small and medium-sized enterprises struggle to grow despite prohibitive transportation costs and their remoteness from major markets, says Abdimomun Goldoshev, Director of the International Business Council branch in the southern city of Osh.

“It is really difficult for local businesses in my country to compete with their counterparts at the regional or international level,” he says. “As a consequence, the rate of foreign direct investment is quite low in the region these days.”

The only way out of this dilemma, says Mr. Goldoshev, is for governments and the international community to work together.

This is precisely why the OSCE has been devoting increased attention to regional and global co-operation in this crucial area, Mr. Snoy says. For one, the Organization has

Khatlon province, southern Tajikistan: Poor rail infrastructure, rolling stock and bogie change facilities impede Central Asia’s international trade.



OSCE/ASTRID EVRENSSEL

been encouraging participating States to develop integrated transport and logistics systems encompassing all modes of transport.

The OSCE has also been urging States to introduce more efficient visa procedures, reduce their dependency on customs revenue, and streamline the paperwork for exports, imports and transit of goods.

“Some of the barriers to trade amount to a sort of protectionism of the national industry,” he says. “Countries should understand that trade and transport facilitation bring other positive effects such as more foreign direct investment and a more stable business climate.”

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OSCE CENTRE IN ALMATY/ZAKHAR SVIRIDENKO

Border checking point in Kazakhstan: The Government is keen to improve the transit environment of the region's inland countries.



The Almaty Programme of Action: Unlocking growth and development

At their Ministerial Council meeting in Brussels in December 2006, OSCE participating States agreed to support the implementation of the Almaty Programme of Action in the OSCE area, the first United Nations-endorsed global document addressing the needs of developing countries with no coastlines.

In doing so, the Ministerial Council also encouraged the Secretariat to work closely with the UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS).

The current High Representative, Under-Secretary-General Anwarul K. Chowdhury, says that the kind of co-operation the OSCE promotes is one of the best ways to address the unique needs of this group of countries.

“Regional integration and collaboration would allow the dismantling of barriers to trade, cut transaction costs and encourage economies of scale, all contributing to the mutual economic growth of both landlocked developing countries and their transit neighbours,” he says.

The Almaty Programme was adopted at a UN conference in Kazakhstan in 2003, following the UN Millennium Declaration of 2000. Action measures aim to:

- Secure sea port access by all means of transport in accordance with international law;
- Reduce costs and improve services to increase the competitiveness of landlocked developing countries' exports;
- Reduce imports' delivery costs;
- Address problems of delays and uncertainties in trade routes;
- Develop adequate national networks;
- Reduce loss, damage and deterioration of goods en route;
- Open the way for expansion of exports; and

- Improve the safety of road transport and the security of people along transit corridors.

The OSCE's Transit Conference in Dushanbe on 23 and 24 October is expected to contribute to a review of progress under the Almaty Programme of Action.

The review process is a “common rallying point” for governments of landlocked countries, their transit neighbours, development partners and the private sector, Mr. Chowdhury says. “Of course, we also count on the OSCE's active involvement and support.”

To be hosted by the Government of Tajikistan, the conference follows a joint OSCE/UN-OHRLLS workshop in Vienna on 12 and 13 December 2006, which brought together some 30 senior experts and several representatives from virtually all the key organizations.

Closest distance from the sea (km)

OSCE Participating States

Armenia:	693
Belarus:	623
Azerbaijan:	870
Kazakhstan:	3,750
Kyrgyzstan:	3,600
the former Yugoslav Republic of Macedonia:	77
Moldova:	170
Serbia:	78
Tajikistan:	3,100
Turkmenistan:	1,700
Uzbekistan:	2,950

OSCE Partners for Co-operation

Afghanistan:	1,960
Mongolia:	1,693

Main source: UNCTAD