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Working Party on Transport Trends and Economics

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Item 3 (a) of the provisional agenda

Development of transport networks and/ or links:

Euro-Asian Transport Links

Chair`s summary of discussions at the third session of the Economic Commission for Europe/ Economic Cooperation Organization Coordination Committee on the Trans-Caspian and Almaty-Tehran-Istanbul Corridors

Note by the Chair

I. Introduction

1. Upon initiative of the Chair of the Working Party of Transport Trends and Economics (WP.5) and following a decision of the members of the Economic Commission for Europe (ECE)/ Economic Cooperation Organization (ECO) Coordination Committee on the Trans-Caspian and Almaty-Tehran-Istanbul Corridors at its second session which was held in Istanbul, Türkiye, on 6 and 7 June 2023,¹ the third session of the Coordination Committee (hereinafter CC) was held in Baku on 25-26 July 2023, hosted by the Ministry of Digital Development and Transportation of the Republic of Azerbaijan. The present document does not serve as a comprehensive meeting report, instead it provides an overview of deliberations at the meeting summarized by the Chair. A more technical level report with forward-looking actions is still under preparation pending official endorsement by the Committee Members.

II. Proceedings

2. The third session, held jointly with the Economic Cooperation Organization (ECO), was chaired by the WP.5 Chair in conjunction with the WP.5 Vice Chair and further to the Committee`s officially appointed members, representatives of Ministries of transport and infrastructure and railway undertakings, it also gathered senior-level customs representatives from Azerbaijan, Georgia, Iran (Islamic Republic of), Kazakhstan, Kyrgyzstan, Türkiye, and Uzbekistan.

¹ A full report on the second session of the Coordination Committee is contained in ECE/TRANS/WP.5/2023/1.

3. Upon invitation of the WP.5 Chair, Mr. A. Assavbayev, Secretary General of Intergovernmental Commission (IGC) TRACECA and Mr. G. Abdikerimov, Secretary General of the Trans-Caspian International Transport Route (TITR)/ Middle Corridor Association, participated in the session with a view to identify opportunities for cooperation and synergies in programmes of work. Again, upon invitation of the WP.5 Chair and given the thematic focus of the third session on customs and border crossing facilitation issues, Mr. H. Mayer, Chair of the Administrative Committee of the *Customs Convention on Containers* of 1972 (administered by the World Customs Organization on behalf of UNECE) and Member of the TIRExB Executive Board on behalf of Austria attended the session as well and provided substantive contributions.

III. Agenda and objectives

4. The third session of the CC was held to start implementing the Committee's work plan which had been endorsed together with its Terms of Reference at the Committee's second session in Istanbul in June 2023 (see Annex to ECE/TRANS/WP.5/2023/1). The agenda featured discussions and stocktaking of ongoing border crossing facilitation and customs digitalization projects being implemented on both corridors. Participants were invited to shed light on the availability of reliable corridor-wide agreed timetables and tariffs and other issues hampering regular rail freight services. The meeting also discussed infrastructure parameters in use on both corridors, which as per the Coordination Committee's decision at its second session, are to be included in an analysis of the corridors aimed at identifying infrastructure segments in need of modernization or renewal. On the second day of the meeting CC members conducted a study visit to the Baku Sea Port.

IV. Deliberations

A. Economic Commission for Europe/ World Customs Organization border crossing facilitation legal instruments of relevance to both corridors

6. At the outset of the session on 25 July 2023, representatives of the ECE secretariat provided a brief overview of the most important border crossing facilitation tools and standards of relevance to both corridors identified and included in the endorsed 2023-2025 programme of work of the CC i.e. Cluster B "*Digitalization, harmonization, and standardization of transport documents in use on the corridors*" and Cluster D "*Border crossing efficiency and the identification, prioritization and implementation of border crossing facilitation initiatives.*"

7. A concise presentation was made on the *International Convention on Harmonization of Frontier Controls of Goods* (of 1982) which seeks to streamline administrative procedures and remove cross-border technical barriers and applies to all goods being imported or exported or in transit, when they are moved across one or more sea, air, or inland frontier. Representatives explained that the Convention aims at facilitating cross border trade through the harmonization and reduction of the requirements associated with completing formalities as well as the number and duration of border controls. It covers all types of border controls, including customs, medico-sanitary inspections, veterinary inspections, phytosanitary inspections, controls of compliance with technical standards and quality controls. Procedures put forward by the Convention call for national cooperation and coordination among border control agencies as well as with their counterparts in adjacent countries. In this respect, the Convention foresees measures such as the conduct of joint controls of goods and documents through shared facilities, same opening hours and same types of services at the same border. As of 2023, the Convention involved 57 contracting parties, including various Euro-Asian Member States, such as: Armenia, Azerbaijan, Kyrgyzstan, Mongolia, Republic of Moldova, Tajikistan, Turkmenistan and Uzbekistan.

8. Another presentation was provided on the *European Agreement on Important International Combined Transport Lines and Related Installations (AGTC)* which aims at

making international combined transport more efficient and attractive to customers by laying down a coordinated international plan for the development of combined transport services and the infrastructure necessary for their operation based on internationally agreed performance parameters and standards. The Agreement defines the international combined transport network which consists of the railway lines and of combined transport terminals, border crossing points, gauge interchange stations and ferry links/ports important for international combined transport. Countries, CC members, which have not acceded to AGTC were invited to do so and to develop the intermodal infrastructure in accordance with AGTC.

9. Subsequently, a brief overview was given of the relevant provisions of the *Customs Convention on Containers* (of 1972) which provides for the temporary importation of containers, free of import duties and taxes, subject to re-exportation within 3 months and without the production of customs documents or security. The Convention also provides for the approval of containers under customs seal (these approval provisions are identical to those in the *Convention on the International Transport of Goods Under Cover of TIR Carnets – the TIR Convention*, 1975). In this regard, the speaker referred to the new Annex to the TIR Convention (Annex 11), introducing the digital TIR (eTIR) procedure which had entered into force for all contracting parties in May 2021. Since then, many countries, including Azerbaijan, Georgia, Pakistan, Tunisia, Türkiye, and Uzbekistan have been in the process or have finalized the interconnection with the eTIR international system, which is managed by UNECE. It was mentioned that the related conformity tests are underway to kick-start the use of the eTIR procedure in the region.

10. Reference was made to the *Unified Railway Law* and its relevance for rail freight operations on both corridors. Information was provided on the first URL Convention in the process of finalization on the contract for international carriage of goods by rail. Information was also provided on the benefits from the new Convention. Countries, CC members were invited to participate to this Convention's finalisation processes.

B. Latest border crossing facilitation and customs digitalization initiatives by countries on the Trans-Caspian and Almaty-Tehran-Istanbul corridors

11. The Revenue Service of Georgia announced an initiative with Azerbaijan to construct a jointly operated Border Crossing Point (BCP) called "Silk Road". This initiative aims to enhance regional transport connectivity and strengthen the trade potential of the region. This joint BCP will facilitate trade by eliminating the need for duplicate customs control processes, simplifying procedures, and streamlining cross-border trade flows. The construction of this new BCP will help avoid bottlenecks and congestion at existing BCPs by providing an alternative route for goods and freight transportation. Additionally, it was mentioned that the implementation of the New Computerized Transit System (NCTS) will enable the transit of goods to and from Georgia through land borders with a single transit document, connecting to destinations such as Türkiye, Ukraine, and European Union Member States. The project is in its final phase of implementation and there are plans to begin piloting the NCTS Phase 5 Application with the Common Transit Countries in 2024. Furthermore, a Trilateral Agreement on railway data exchange between Azerbaijan, Georgia, and Türkiye was signed in 2022, with the implementation of a data exchange mechanisms currently in progress. In addition to a roll-out of eTIR at regional level, the CAREC Advanced Transit System and Information Common Exchange System (CATS/ICE) will also be implemented based on a Memorandum of Understanding (MoU) for testing between Azerbaijan, Georgia, Turkmenistan, and Uzbekistan. Lastly, reference was made to efforts that are underway for the development of a Maritime Single Window.

12. The representative of Iran (Islamic Republic of) informed that actions have been taken to accelerate transit transportation, such as conducting customs formalities digitally through a web-based system and experimenting with e-TIR in multimodal transportation. Risk management and control tools are employed for transit shipments and working hours at customs borders have been extended to provide services throughout the year. The implementation of eTIR is underway and wherever possible customs formalities are increasingly transferred from border crossing points to inland customs offices. To further

facilitate border crossings, a TIR green lane has been established at several border crossing points, reducing physical controls, and eliminating the need for physical inspection of cargo. Cargo X-ray devices have been deployed at border crossings to avoid physical inspection of goods. Customs processes can now be completed within two hours at several rail border crossings. Electronic data exchange between Iran (Islamic Republic of) and Turkish State Railways (TCDD) has been implemented since May 2023, and a queue management system has been launched at border crossings with Türkiye and Azerbaijan. Border crossing facilities have also been redesigned to enable non-stop border processes and digitalization of the process. The representative concluded that the establishment of an "Electronic Data Interchange platform" and an "electronic marketplace" will lead to time and cost savings and be in the benefit of all countries on the corridors, as well as shippers and freight forwarders from both countries of origin and destination.

13. The representative of the Customs Control Committee under the Ministry of Finance of Kazakhstan informed that his agency is currently focusing on implementing a paperless transit ecosystem. This includes the automation of transit processes, with a pilot project already launched for paperless transit of rail transport in the Europe-Asia direction. As a result, the processing time at rail crossings has been significantly reduced from 3 hours to just 30 minutes. The representative concluded that the introduction of this paperless transit ecosystem is expected to bring numerous benefits to both the government and businesses. It is expected to enhance control efficiency, reduce corruption risks, and ensure transparency and predictability in transit procedures.

14. The representative of the customs administration under the Ministry of Trade of Türkiye spoke on the *Common Transit Convention*, CTC (of 1987) which provides for customs and excise duties and other charges on goods to be suspended during the goods movement and plays an important role in the country's transit operations. Türkiye became party to CTC as of 1 December 2012. The representative explained that there are two procedures in railway transit under CTC: a paper-based procedure and a transit declaration (i.e. Transit Accompanying Document). It was explained that the paper-based procedure is based on railway simplifications regulated by CTC and the national legislation. In this system, a guarantee is only needed for international operations and the CIM Consignment note in paper form is used as the transit declaration. Given the trackability challenges of paper-based documents a data exchange system between TCDD Taşımacılık A.Ş./ Turkish State Railways and the Turkish customs administration was put in place. The representative also informed that his government participates in a working group under TRACECA regarding the conduct of an e-CIM/SMGS pilot project based on a Memorandum of Understanding (MoU) signed in May 2023. Reference was also made to an agreement signed by Türkiye, Georgia, and Azerbaijan to exchange data for facilitation of customs transit procedures within the framework of the Baku-Tbilisi-Kars railway project. This new agreement will enter into force after the parties agree on the technical specifications document. The representative concluded by informing that the development of a Single Window Application for railway transport is underway. In this regard a project proposal has been prepared due to start in early 2024. Aim of the project is to further speed up the border crossing procedures and increase the efficiency of controls.

15. The representative of the Ministry of Transport and Infrastructure of Türkiye emphasised the need to strive towards more reliable, faster, environmentally friendly, and sustainable transport routes rather than pursuing a model based solely on generating more profits. It was stressed that measures to increase preferability of the corridors should be looked for, including the use of shorter routes. The speaker also emphasized that capacity losses arising from planning and data-sharing errors on routes operated with limited equipment and rolling stock need to be eliminated. It was also emphasized that closures of specific lines due to planned maintenance activities need to be notified in advance to avoid situations whereby large numbers of containers on both sides of the line reach their destination with significant delays. In addition, maintenance and repair should be done allowing train operations for certain periods during the shutdown. The representative stressed the importance of compliance with the initially agreed cost and time as failure to do so undermines the competitiveness of the routes. Regarding a suggestion that was made to extent the container return deadline beyond three months, the representative indicated the need to carefully consider the frequency and nature of these issues and the potential side effects of

proposed solutions. It was stressed that the container shortage experienced during the COVID-19 pandemic should be seen as a unique occurrence, and that any changes should not be solely based on this incident.

16. The representative of the Customs Committee of Uzbekistan indicated that at the end of 2022, there was a 62 per cent increase in traffic volumes transiting through the country compared to 2017. Rail transport accounted for 78 per cent of the transport volumes, road transport for 21.8 per cent. He further explained that there are a total of 16 railway checkpoints across the country, including thirteen international and three bilateral checkpoints. The neighbouring countries with the highest cargo volume share are Kazakhstan (67.5 per cent), Tajikistan (14.2 per cent), Afghanistan (8.2 per cent), Turkmenistan (6.3 per cent), and Kyrgyzstan (3.8 per cent). The representative further explained that prior to 2015, electronic data was formed from paper documents, and customs control was based on manual electronic data entry. This improved efficiency but had some problems, such as the need for both paper and electronic forms and longer processing times. From 2016 to 2022, customs control was increasingly based on advance information, reducing paperwork, and the introduction of a risk management system. In 2023, an e-transit system was developed to increase traffic volume, simplify customs procedures, and introduce an automatic clearance system. The system aims to address the increasing volume of goods and vehicles crossing the country's borders and ongoing digitalization of the industry. As of this year, over 250,000 transit declarations will be issued electronically.

C. Next steps regarding the development of reliable corridor-wide agreed timetables and tariffs on both corridors

17. The representative of the "Trans-Caspian International Transport Route" (TITR) international association provided an introductory presentation. The representative announced that since TITR's establishment in 2017, nineteen infrastructure and logistics companies from eight countries had joined the association, creating a collaborative logistics infrastructure along the entire route and that additional companies were expected to join in 2023. In 2019, a regular feeder service was initiated between the ports of Aktau, Baku, and Aktau. This service has contributed to increased cargo traffic along TITR and the growth of containerized goods in the Caspian region. Additionally, a regular container "shuttle train" was launched from Altynkol station on December 2, 2022. These shuttle trains operate on a fixed schedule, running from Altynkol station to Aktau port, Baku port, Poti/Batumi port, and Akhalkalaki station in Georgia on Mondays, Wednesdays, and Fridays. The delivery time for trains from Altynkol station to Poti and Batumi ports is 11–13 days. Furthermore, it was announced that the volume of cargo transportation along the TITR route for the first six months of 2023 had reached 1,323 thousand tons, representing a 72.2 per cent increase compared to the same period in 2022. The meeting was also informed that during the first six months of 2023, there had been a significant increase of 130.8 per cent in export traffic from Kazakhstan, driven by market conditions. These transportations accounted for 78 per cent of the total cargo volume along the TITR route, amounting to 1031.3 thousand tons.

18. In 2022, the association collaborated with specialists from sectoral ministries in Kazakhstan, Azerbaijan, Georgia, and Türkiye, as well as Kazakhstan Temir Zholy National Company (NC KTZ JSC); Azerbaijan Railways (AZD CJSC); Georgian Railway (JSC GZD) and TCDD Taşımacılık A.Ş. (Turkish State Railways), to develop a draft roadmap titled "Roadmap for the Synchronous Elimination of Bottlenecks and the Development of the Middle Corridor in Kazakhstan, Azerbaijan, and Türkiye for 2022-2027." This roadmap consists of 9 sections and 54 articles, focusing on the development of transport and logistics infrastructure, operational optimization, attracting additional cargo traffic, implementing a single tariff policy, establishing logistics centers, and integrating information systems for a unified digital transport corridor.

19. Furthermore, the representative explained that in November 2022, in Aktau/Kazakhstan, the heads of the Ministries of Foreign Affairs and transport authorities of Kazakhstan, Azerbaijan, Georgia, and Türkiye had approved and signed the roadmap for TITR development. In conclusion, the representative informed that in June 2023, a trilateral agreement had been signed on the basic principles for the creation and operation of a joint

venture between JSC "NC Kazakhstan Temir Zholy", CJSC "Azerbaijan Railways," and JSC "Georgian Railway". This joint venture aims to provide high-quality intermodal transport and logistics services, harmonize cross-border tariffs, and introduce a unified Information Technology (IT) platform for fully automated cargo transportation from China to Türkiye.

20. The representative of Kyrgyz Railways explained that his country is actively involved in the multimodal Asia-Pacific/Europe corridor, based on an agreement signed by the heads of railway administrations from six countries: Kyrgyzstan, Uzbekistan, Turkmenistan, Azerbaijan, Georgia, and Türkiye. The representative then informed that in 2020, as part of a pilot project on this multimodal route, 28 forty-foot containers were successfully transported from the China (People's Republic of) through Kashgar-Irkeshtam-Osh-Mary. Additionally, in 2022, the pilot project of the multimodal route "China-Kyrgyzstan-Uzbekistan-Afghanistan" was successfully implemented, with a noteworthy achievement of reducing the delivery time to only 9 days instead of the planned 14 days. Furthermore, in February 2023, a new international multimodal route "China-Kyrgyzstan-Uzbekistan" was launched, resulting in the transportation of 84 containers along this route.

D. Conclusions and next steps

21. The CC agreed that from its third session onwards the Committee's officially appointed members would consist of representatives of Ministries of transport and infrastructure and railway undertakings as well as senior-level customs representatives of the six countries. In accordance with its endorsed Terms of Reference it noted that the representatives of the customs/ revenue administration will only be invited to future sessions of the CC on a case-by-case basis, depending on the agenda and thematic scope of each session.

22. CC members as per Cluster B "*Digitalization, harmonization, and standardization of transport documents in use on the corridors*" and Cluster D "*Border crossing efficiency and the identification, prioritization and implementation of border crossing facilitation initiatives*" of the endorsed 2023-2025 programme of work discussed the "Harmonization Convention", the "Customs Convention on Containers" and the AGTC agreement and received an update on progress in the regional roll out of the e-TIR international system. Countries, CC members, which have not acceded to AGTC were invited to do so and to develop the intermodal infrastructure in accordance with AGTC. CC members requested the Corridor Coordinators and the secretariat to conduct a mapping exercise on the status and degree of compliance of national customs systems on the corridors with the provisions of these legal instruments as well as to compile a list of uni and multimodal transport documents in use on the corridors to be included in a draft study for discussion at one of the forthcoming CC sessions in 2024.

23. As per Cluster A of its endorsed programme of work "*Evaluation and prioritization of transport infrastructure and renewal requirements as well as their investment needs, including for rolling stock and pool containers, as well as missing infrastructure links*" CC members were briefed by the two Corridor Coordinators (Georgia and Uzbekistan) and the secretariat, on the preparatory work being undertaken for the conduct of an analysis of the currently available routes/lines on the two corridors and the identification of segments of the railway lines or road in need of modernization, for railway lines through analysis of the lines parameters vis-à-vis those provided in AGTC. The secretariat provided an excel sheet for making such analysis. The CC requested the Corridor Coordinators with the support of the secretariat to prepare a draft study to be discussed at the fourth session of the Coordination Committee scheduled for autumn/ winter 2023.

24. As per Cluster C of its endorsed programme of work "*Evaluation of the availability of reliable corridor-wide agreed timetables and tariffs and other issues hampering regular rail freight services on both corridors*" CC were extensively briefed by representatives of TITR and TRACECA on efforts currently underway. CC requested the Corridor Coordinators with the support of the secretariat and in close coordination with TITR and TRACECA to conduct an analysis on existing timetables and tariffs currently in place on the corridors and to formulate a proposal for a more unified/ better coordinated time schedule

and tariffication system. CC requested that such an overview be prepared for discussion at one of its next sessions.

25. CC members were briefed on the Unified Railway Law and its relevance for rail freight operations on both corridors. Information was provided on the first URL Convention in the process of finalization on the contract for international carriage of goods by rail. Information was also provided on the benefits from the new Convention. Countries, CC members were invited to participate to this Convention's finalisation processes.

26. CC members agreed to update the joint table of activities reflecting the work being undertaken in support of the operationalization of the corridors ahead of its next session.

27. CC members requested the WP.5 Chair and Vice-Chair together with the Corridor Coordinators (Georgia and Uzbekistan) and the ECE and ECO secretariats to provide an update report on its ongoing activities to the forthcoming thirty-sixth annual session of the Working Party on Transport Trends and Economics (WP.5). CC members requested the secretariat to provide remote meeting arrangements during this part of WP.5 enabling their active participation and contributions. The WP.5 Chair and Vice Chair supported this request.

28. CC members requested the WP.5 Chair and Vice-Chair together with the Corridor Coordinators (Georgia and Uzbekistan) and the ECE and ECO secretariats to prepare the report of the meeting and share it with them for feedback. CC members also requested that a date and venue be proposed in due course for the conduct of its fourth session later on in 2023.

29. The Coordination Committee members thanked the WP.5 Chair and Vice-Chair, the ECE and ECO secretariats, as well as the Ministry of Digital Development and Transportation of the Republic of Azerbaijan for the organization of the second session of the Coordination Committee and for the informative visit to the Port of Baku.