



# **ROLE OF LOGISTICS IN IMPROVING INVESTMENT CLIMATE: EXPERIENCE OF TURKISH PRIVATE SECTOR**

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**TOBB- TIR AND ATA CARNETS MANAGER**

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# OUTLINE

- 1- Linking Logistics with Investment Climate
- 2- What does TOBB do in the area of logistics?
  - a- Trade facilitation in custom related issues: TIR and ATA Carnets
  - b- Improving logistics infrastructure
  - c- Policy development
- 3- Areas for further collaboration

# **1- Linking Logistics with Improving Investment Climate**

In a highly competitive world, the quality of logistics can determine where companies choose to locate, which suppliers they use and which consumer markets they enter.

The WB has developed an index to benchmark countries on logistics performance.

# **Logistics Performance Index (LPI)**

The LPI is a benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance.

The LPI 2010 allow for comparisons across 155 countries.

## **LPI performance areas:**

- Efficiency of the clearance process by customs and other border agencies
- Quality of transport and information technology infrastructure
- Ease and affordability of arranging international shipments
- Competence of the logistics industry
- Ability to track and trace international shipments
- Domestic logistics costs
- Timeliness of shipments in reaching destination

## **To go up in the LPI:**

**It is important to have good coordination among government agencies and to encourage modernization of the private sector.**

**Here, public-private partnership is crucial!**

# Linking LPI with FDI

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## Top six destinations for FDI in 2009–2011

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China	56
United States	47
India	34
Brazil	25
Russian Federation	21
United Kingdom	18

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## Leading factors influencing the location of companies, 2009–2011 (per cent of responses)

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Size of local market	17
Growth of market	16
Presence of suppliers and partners	10
Access to international/regional markets	10
Stable and business-friendly environment	8

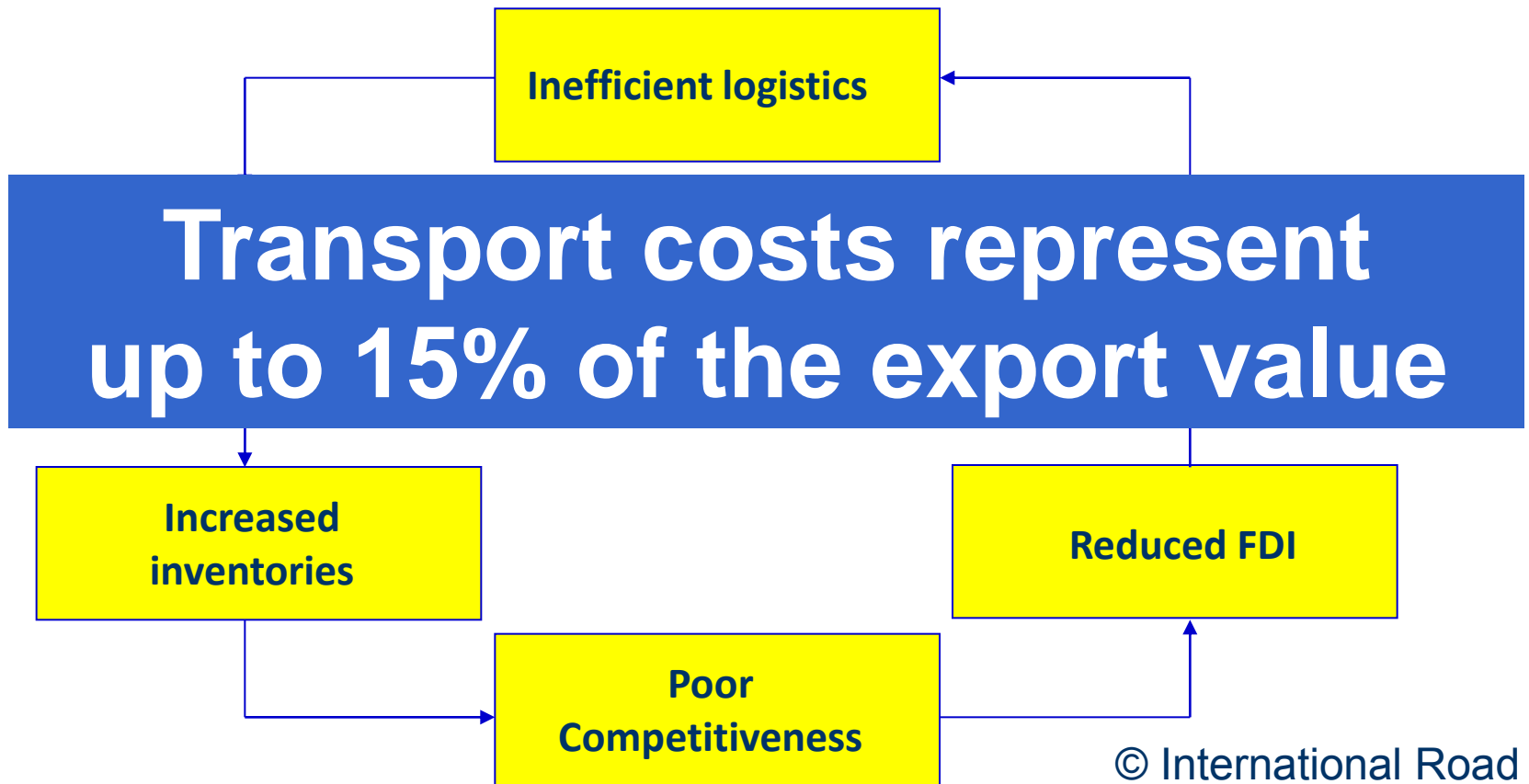
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The largest 5,000 TNCs ranked by foreign assets were selected as the basic frame for the survey. Top six ranking is according to the percentage of answers of these 5000 companies.

**Source: UN World Investment Prospects Survey 2009-2011**

# Road transport must be facilitated!

Inefficient transport/customs procedures discourage investment and make companies and national economies less competitive





Economy	2010 LPI			Economy	2010 LPI			Economy	2010 LPI		
	Rank	Score	% of highest performer		Rank	Score	% of highest performer		Rank	Score	% of highest performer
Germany	1	4.11	100.0	Vietnam	53	2.96	63.1	Cameroon	105	2.55	49.7
Singapore	2	4.09	99.2	Greece	54	2.96	62.8	Niger	106	2.54	49.4
Sweden	3	4.08	98.8	Qatar	55	2.95	62.6	Nicaragua	107	2.54	49.3
Netherlands	4	4.07	98.5	Costa Rica	56	2.91	61.3	Jamaica	108	2.53	49.2
Luxembourg	5	3.98	95.7	Slovenia	57	2.87	60.2	Côte d'Ivoire	109	2.53	49.2
Switzerland	6	3.97	95.5	Senegal	58	2.86	59.8	Pakistan	110	2.53	49.1
Japan	7	3.97	95.2	Romania	59	2.84	59.1	Armenia	111	2.52	48.9
United Kingdom	8	3.95	94.9	Oman	60	2.84	59.1	Bolivia	112	2.51	48.5
Belgium	9	3.94	94.5	Tunisia	61	2.84	58.9	Gambia, The	113	2.49	48.0
Norway	10	3.93	94.2	Kazakhstan	62	2.83	58.9	Turkmenistan	114	2.49	47.9
Ireland	11	3.89	92.9	Bulgaria	63	2.83	58.8	Chad	115	2.49	47.9
Finland	12	3.89	92.6	Malta	64	2.82	58.6	Congo, Rep.	116	2.48	47.4
Hong Kong SAR, China	13	3.88	92.4	Dominican Republic	65	2.82	58.5	Ghana	117	2.47	47.3
Canada	14	3.87	92.3	Uganda	66	2.82	58.4	Lao PDR	118	2.46	47.0
United States	15	3.86	91.7	Peru	67	2.80	57.9	Albania	119	2.46	46.8
Denmark	16	3.85	91.4	Uzbekistan	68	2.79	57.5	Comoros	120	2.45	46.5
France	17	3.84	91.3	Benin	69	2.79	57.4	Montenegro	121	2.43	45.9
Australia	18	3.84	91.2	Honduras	70	2.78	57.1	Gabon	122	2.41	45.4
Austria	19	3.76	88.7	Ecuador	71	2.77	57.0	Ethiopia	123	2.41	45.4
Taiwan, China	20	3.71	86.9	Colombia	72	2.77	57.0	Papua New Guinea	124	2.41	45.3
New Zealand	21	3.65	85.0	Macedonia, FYR	73	2.77	56.9	Maldives	125	2.40	45.1
Italy	22	3.64	84.9	Croatia	74	2.77	56.8	Djibouti	126	2.39	44.8
Korea, Rep.	23	3.64	84.7	Indonesia	75	2.76	56.5	Liberia	127	2.38	44.4
United Arab Emirates	24	3.63	84.5	Paraguay	76	2.75	56.3	Bhutan	128	2.38	44.3
Spain	25	3.63	84.3	Uruguay	77	2.75	56.3	Cambodia	129	2.37	44.0
Czech Republic	26	3.51	80.5	Bahamas, The	78	2.75	56.1	Algeria	130	2.36	43.7
China	27	3.49	79.9	Bangladesh	79	2.74	56.0	Tajikistan	131	2.35	43.2
South Africa	28	3.46	78.9	Syrian Arab Republic	80	2.74	55.9	Libya	132	2.33	42.8
Malaysia	29	3.44	78.4	Jordan	81	2.74	55.8	Myanmar	133	2.33	42.7
Poland	30	3.44	78.2	Mauritius	82	2.72	55.3	Botswana	134	2.32	42.3
Israel	31	3.41	77.5	Serbia	83	2.69	54.1	Solomon Islands	135	2.31	42.0
Bahrain	32	3.37	76.2	Venezuela, RB	84	2.68	53.9	Mozambique	136	2.29	41.5
Lebanon	33	3.34	75.1	Congo, Dem. Rep.	85	2.68	53.8	Sri Lanka	137	2.29	41.4
Portugal	34	3.34	75.0	El Salvador	86	2.67	53.7	Zambia	138	2.28	41.2
Thailand	35	3.29	73.6	Bosnia and Herzegovina	87	2.66	53.4	Mali	139	2.27	40.7
Kuwait	36	3.28	73.2	Madagascar	88	2.66	53.2	Guyana	140	2.27	40.7
Latvia	37	3.25	72.2	Azerbaijan	89	2.64	52.6	Mongolia	141	2.25	40.2
Slovak Republic	38	3.24	71.9	Guatemala	90	2.63	52.4	Angola	142	2.25	40.1
Turkey	39	3.22	71.4	Kyrgyz Republic	91	2.62	52.0	Afghanistan	143	2.24	39.9
Saudi Arabia	40	3.22	71.3	Egypt, Arab Rep.	92	2.61	51.8	Fiji	144	2.24	39.7

# LPI 2010

## **2- Turkish Experience: TOBB's Responsibilities in Logistics**

a- Trade Facilitation in Custom Related Issues

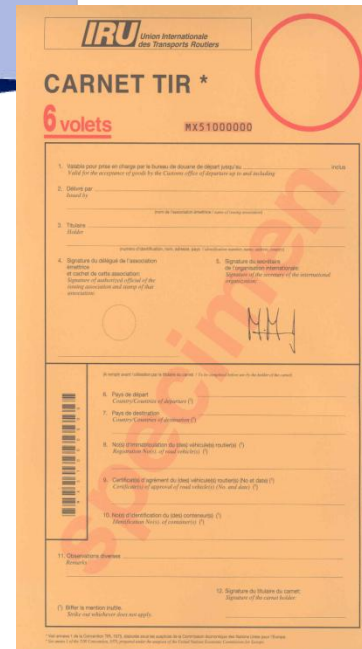
# TIR CARNETS PROVIDED (January-July)



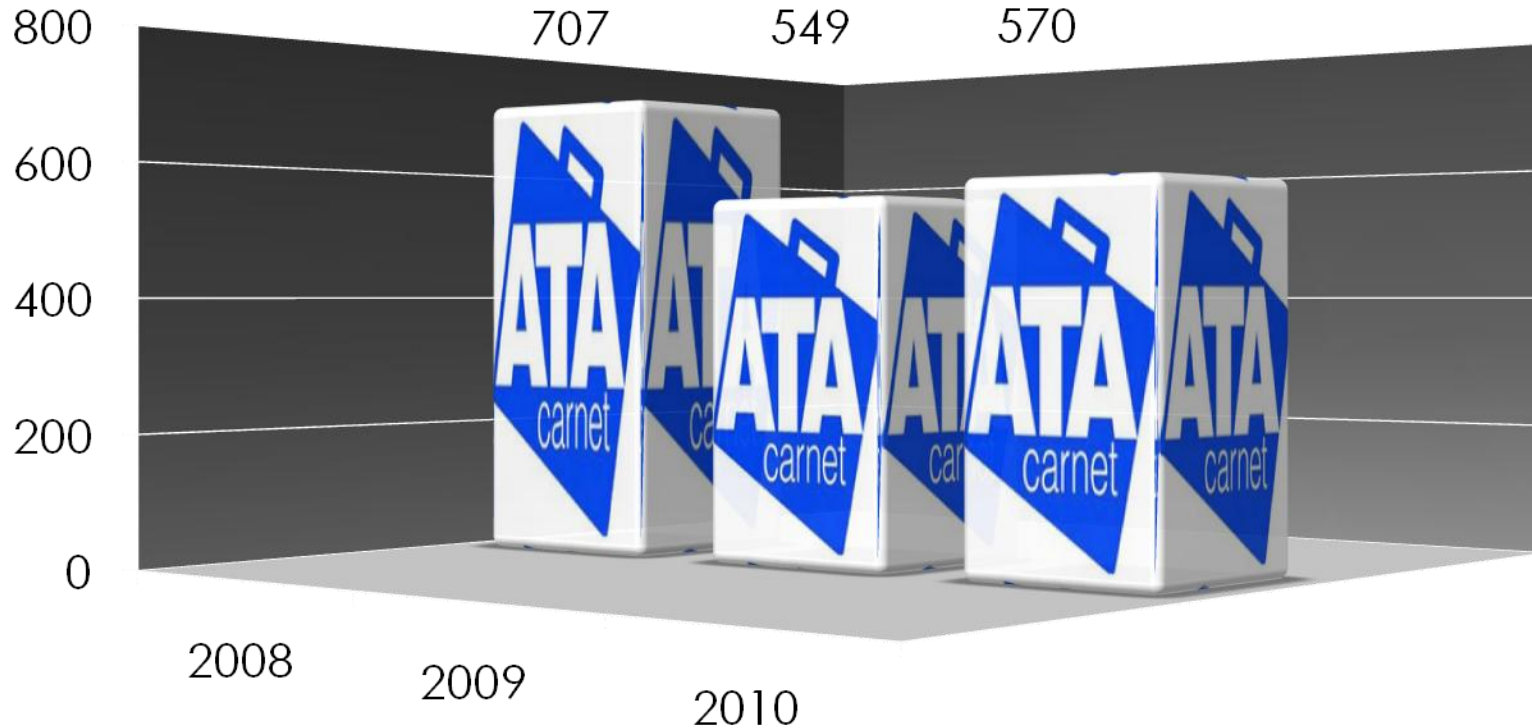
A document enabling transportation of goods in line with 1975 TIR Convention.

Printed and distributed by the International Road Transport Union, based in Geneva.

TOBB is the guarantiing organization in Turkey.



# ATA Carnets (January-July)



**Temporary import/export document  
WCO ATA Convention (1961)**

**ICC/WCF**

**Since 1975 TOBB is the guaranting organization**

# Linking customs with logistical performance

- Any penalty on road transport is an even greater *penalty* on the economy
- Waiting times at borders represent a *general* indicator of barriers
- Waiting times at borders is a *measurable* indicator
- A *tool* for route planning and for decision makers
- IRU *reporting* system since early '90s
- New interactive web application from 2006

# Table 1: Value of lost time at EU 25 External, EU 4, CIS and Balkan Borders, 1998-2009, USD

Indicator	Value	Comment
Average waiting time of a border crossing transport operation per border crossing in hour	1	Concerns all crossings dealt within this report. Simple and not weighted average by traffic volume at each border crossing points (thus one hour is possibly an underestimation)
Average number of TIR carnets issued per year	2,962,346	Average of the year 1998-2009
Minimum number of border crossings in the TIR system per year	2,962,346 x 3 =8,887,038	The multiplier used for each TIR carnet issued is three.
Total waiting time, hour per year, for TIR traffic	8,887,038	8,887,038 x 1hour

# A Key for EAKT: Border Waiting Times

<b>Value of an hour lost per truck, USD per hour</b>	<b>50</b>	<b>Source: trans Eurasia Road Transport, Commercial Feasibility Study, Ramboll, DK</b>
<b>Total lost value per year, TIR traffic, USD</b>	<b>444,351,900</b>	<b>8,887,038 x 50</b>
<b>Total lost value, 1998-2009, TIR traffic, USD</b>	<b>5,332,222,800</b>	<b>444,351,900 x 12 (years)</b>



# Black Sea Ring Highway Caravan 2007





# Black Sea Truck Caravan: Findings



**Direct Cost of Waiting Times** € 104 million

**Indirect Cost of Waiting Times** € 104 million

**Direct Cost of Permits** € 11 million

**Direct Cost of Visas** € 10 million

**Total Cost of Border Waiting Times** € 229 million  
**in the BSEC Region for the BSEC hauliers per year**

# NELTI reconfirms road infrastructure is NOT the problem



- 12 road transport companies from 8 countries;



- More than 145 round trips via territories of 24 countries



# NELTI: Problems are Procedural!

**1. Time spent en route by all vehicles**      **5 041 days**

**40% of time lost  
at border  
crossings!**

8. Cargo carried

4 200 tonnes

# Comparison of NELTI routes

<b>Summary of monitoring results on operational issues in NELTI routes</b>	<b>Northern</b>	<b>Central</b>	<b>Southern</b>
<b>Travelling days (days)</b>	10-18	13-27	12-17
<b>Average speed (km/day)</b>	489	366	360
<b>Total costs (USD)</b>	2000	2600	3000
<b>Border crossing costs (USD)</b>	520	37	2000

## **2- Turkish Experience: TOBB's Responsibilities in Logistics**

### **b- Improving the Logistics Infrastructure**

## Best Practice Example: GTI Inc.

- ✓ GTI is a private company incorporated in 2005 in order to modernize and operate border gates in Turkey.
- ✓ Totally owned by Turkish Chambers and their federation, TOBB.
- ✓ Operations are based on PPP projects where economic benefit is greater than private profits.
  - ✓ Private sector's efficiency and profit-seeking principle and public service consciousness delicately balanced.

# How GTI Operates?

- ✓ Operates with the model “Build-Operate-Transfer” →  
no burden for public treasury
  - ✓ Build: All investment by TOBB GTI
  - ✓ Operate: Operation of commercial facilities\*\*\*
  - ✓ Transfer: Transfer of facilities to the public free of charge

\*\*\* Operation of only commercial facilities; customs procedures are still undertaken by Customs Authorities

# GTI Structural Activities

- ✓ Duty – Free
- ✓ Fuel Station
- ✓ Outdoor Marketing
- ✓ Banking
- ✓ Gastro Business
- ✓ Retail Business
- ✓ Mall Project



# HABUR BORDER GATE (TR - IRAQ)

Before Modernization



After Modernization



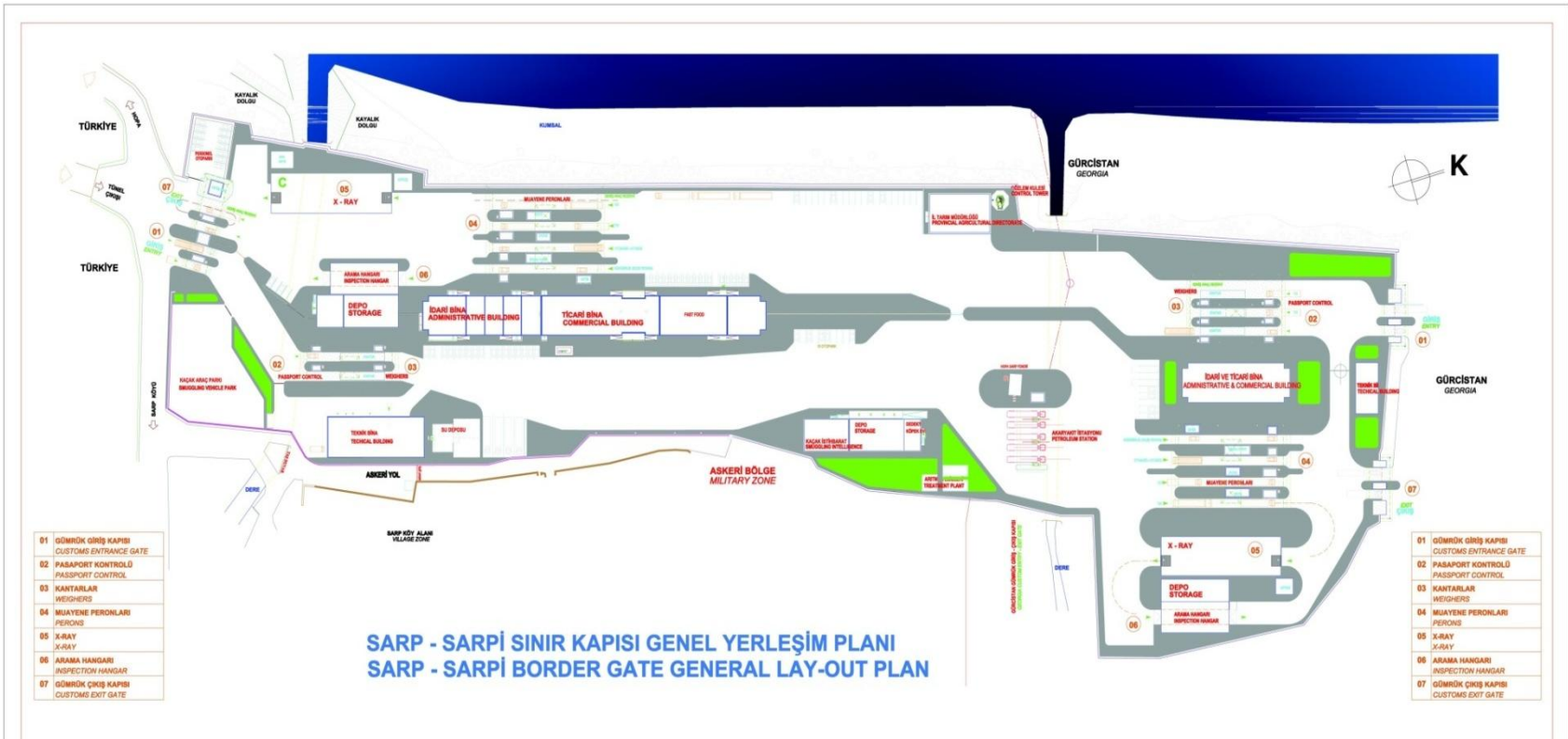
# CILVEGOZU BORDER GATE (TR - SYRIA)

Before Modernization

After Modernization



# First Step for the Facilitation of Border–Crossings Turkey – Georgia Joint Border Crossing



# What is Joint Border Crossing Model? (JBCM)

- ✓ One border gate, two teams from both countries acting together
- ✓ Objective is to **eliminate redundancies**:
  - ✓ Joint and single control of certificates. No duplications
  - ✓ Relevant checks done by just incoming country's authorities
  - ✓ E-customs and data-sharing between authorities

# Why JBCM?

- ✓ In the next 5 years, demand over border crossing points is expected to increase extremely
  - ✓ More **efficient** crossings will also stimulate demand
- ✓ Joint Border Crossing Model is the ideal solution to meet the increasing demand
  - ✓ With the realization of the project, **60-70 % of decrease** in the **BORDER WAITING TIME** is expected.
  - ✓ Capacity will increase threefold.

## Why JBCM?

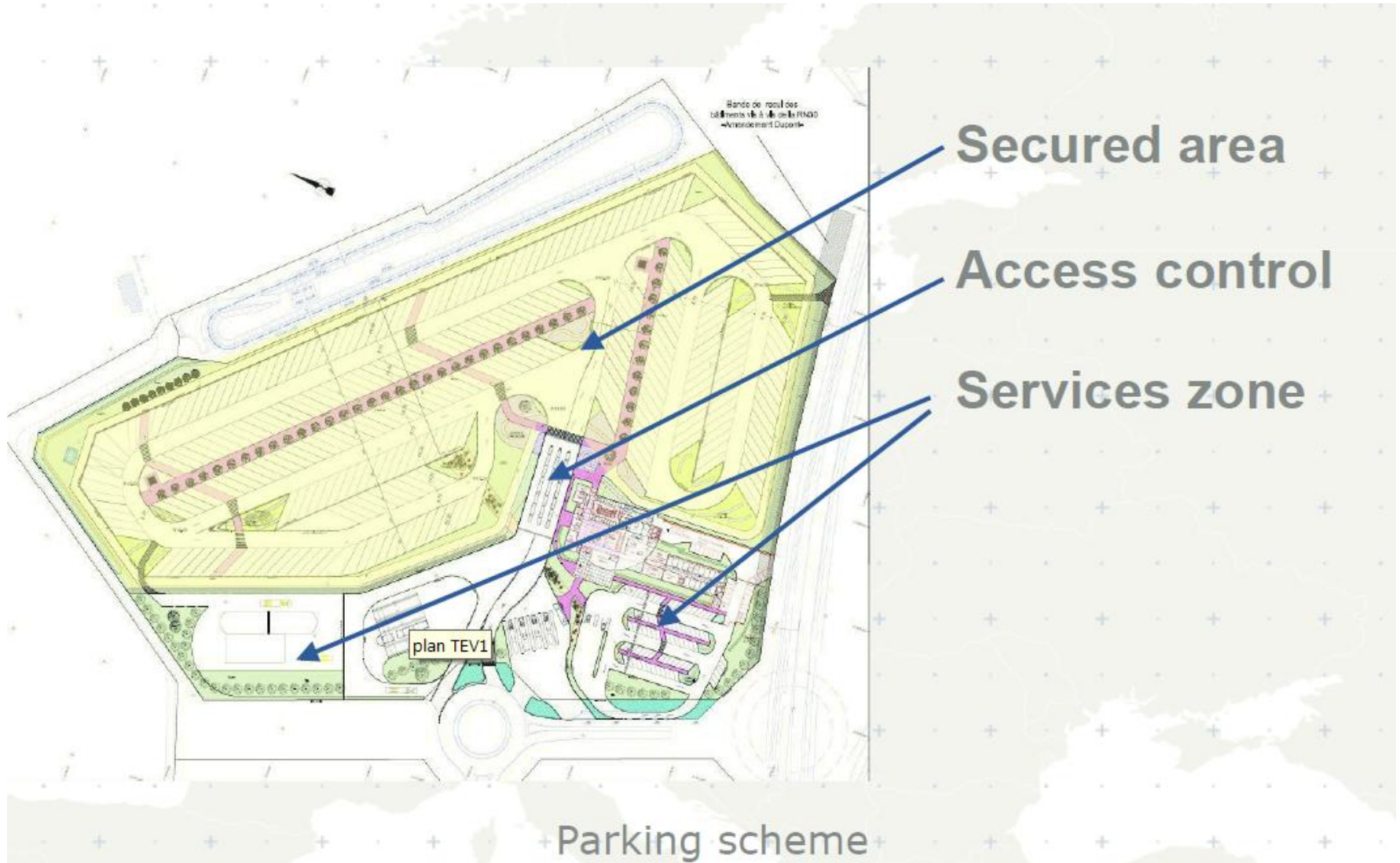
- ✓ Investment and operational **costs** will get significantly **lower**.
- ✓ Joint model is the most suitable model for many of the countries.

# **Physical Infrastructure**

- Ports and their connections
- Safe Parking Areas
- Logistic Villages (İzmir, Mersin...)
- Black Sea Ring Highway,  
Marmaray, İst.-Almaty/İst.-Karachi  
block trains



# Transpark example from Europe





# Example from Germany

## Site Example: Uhrsleben, DE

- Site opened October 2008
- First secured parking area in Germany
- Identification of driver and vehicle
- Access after inspection of vehicle
- Sealing of trailer / container
- CCTV monitoring
- Secured recording
- Driver access with cards



## Site Example: Uhrsleben 2



# Turkish Experience: TOBB's Responsibilities in Logistics

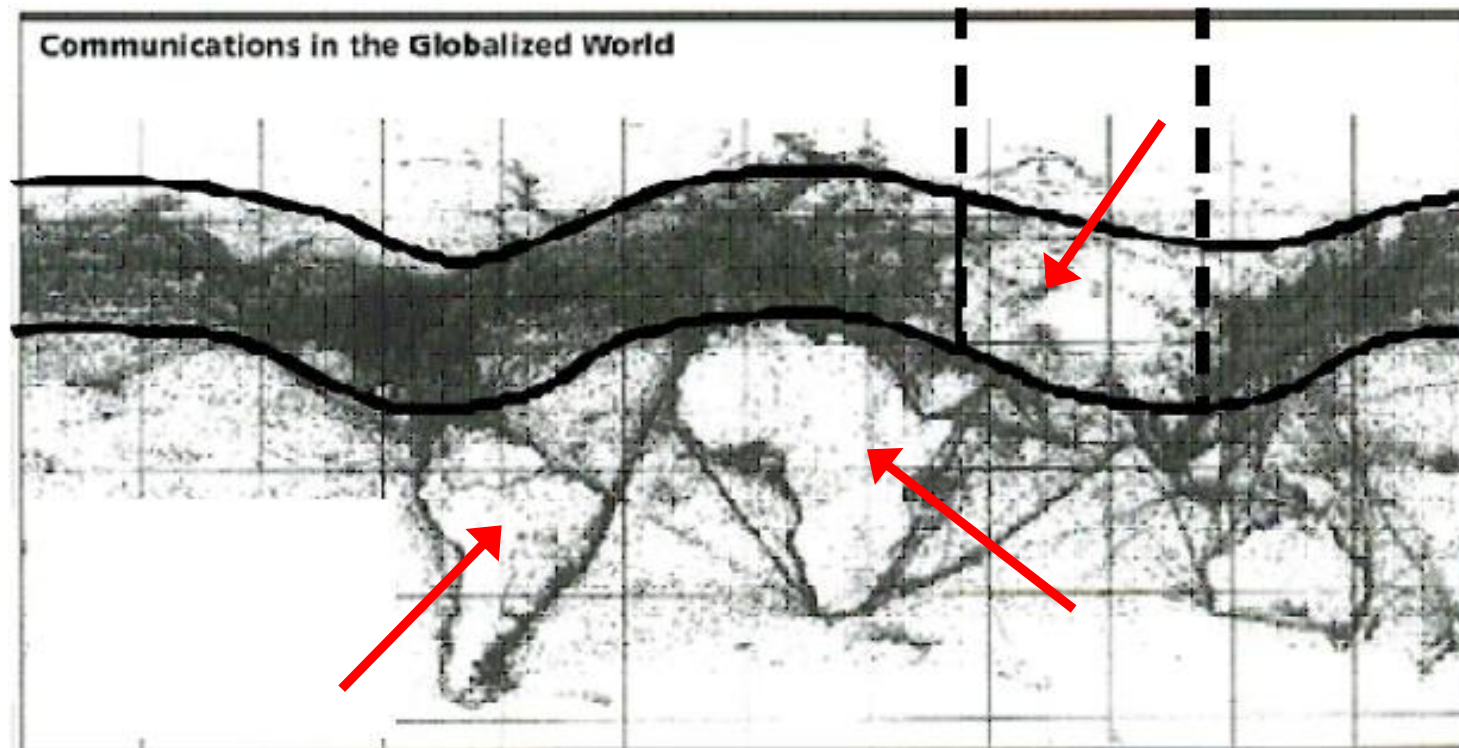
## 3- Policy Development

Revitalizing the Historical Silk Road

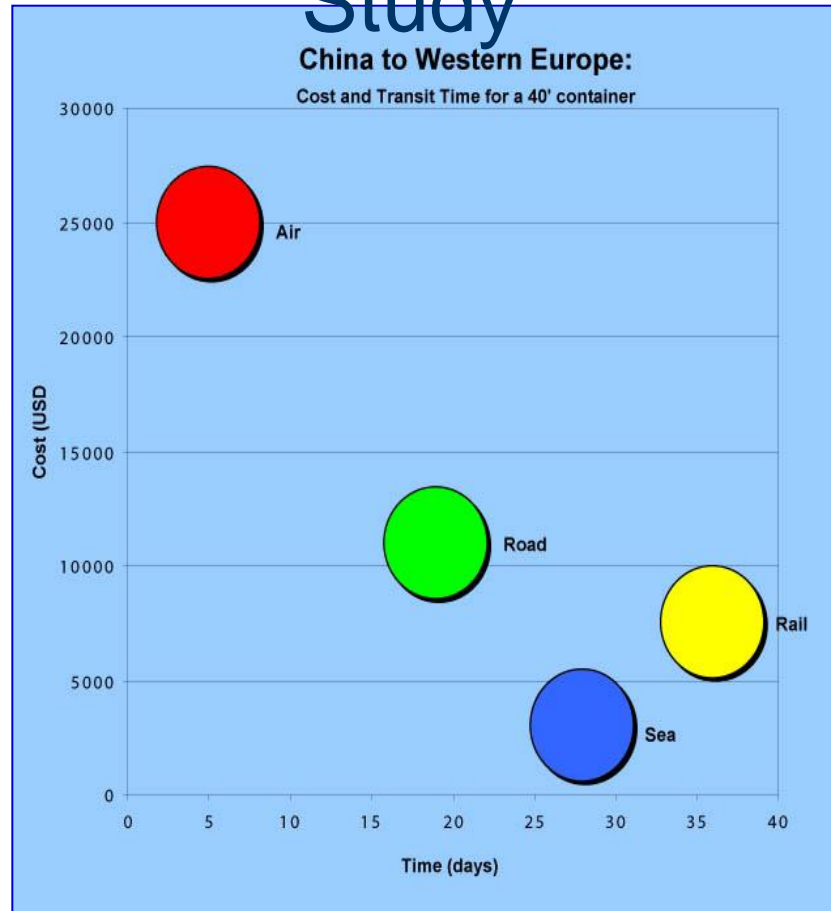


# Satellite Intercepts of the World's Telecommunications in a 24-Hour Period

**Modern Activity Gap: The blank swath in the northern hemisphere is centred on  
Central Asia!**

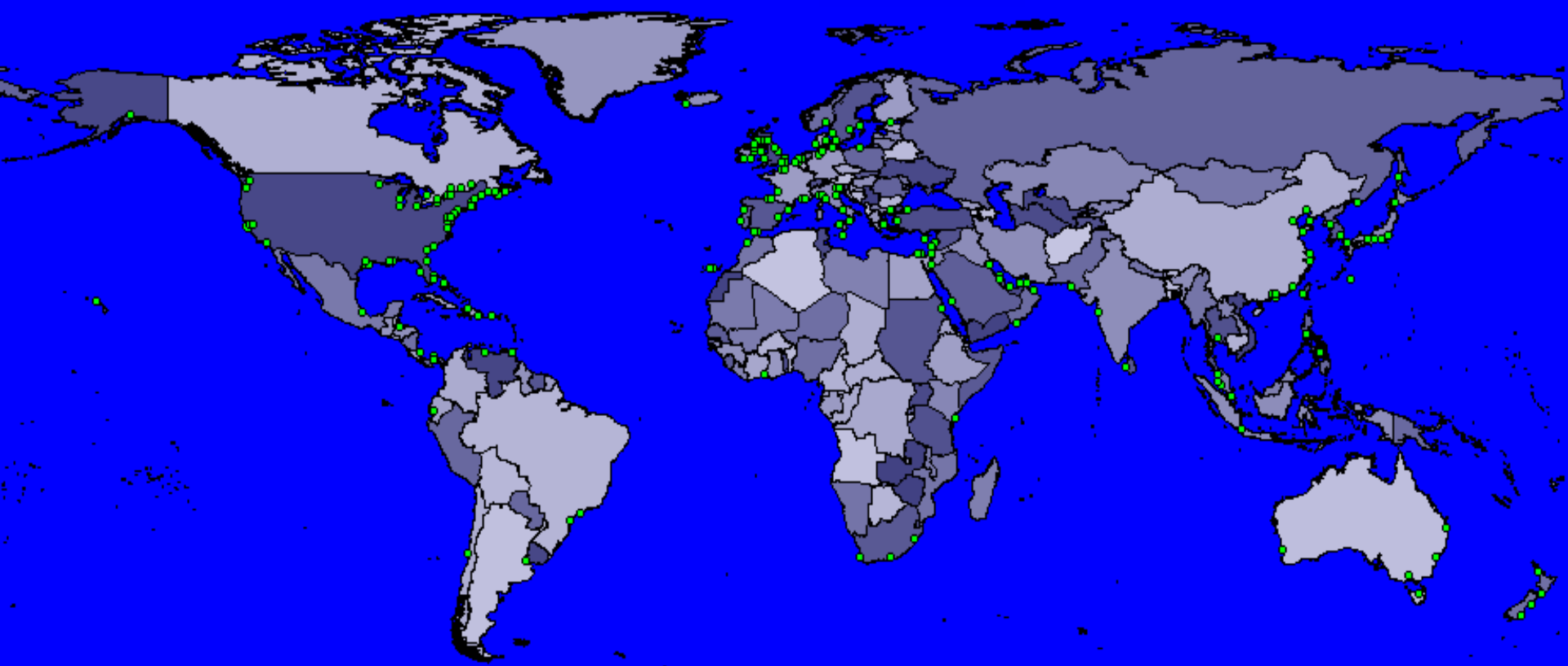


# From Vision to Reality: Silk Road Feasibility Study

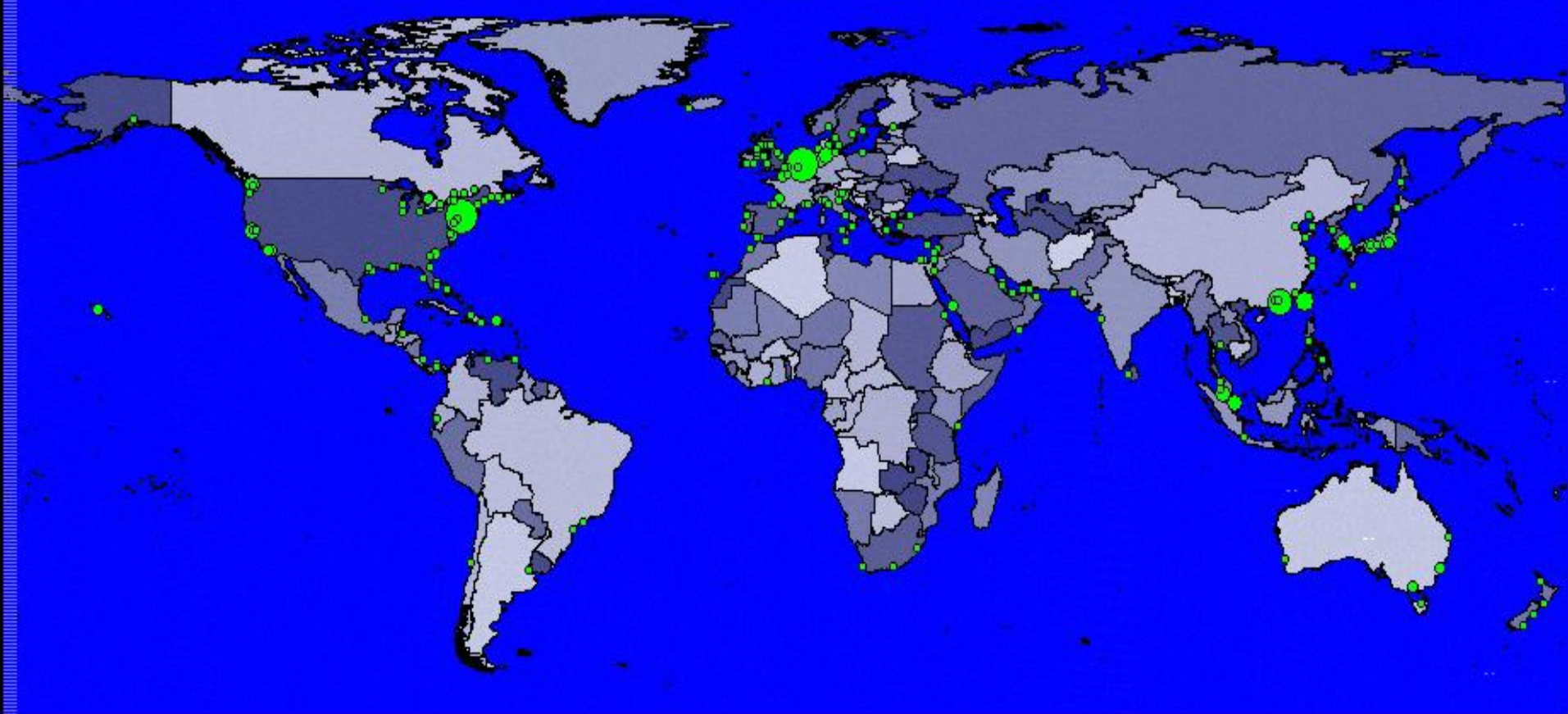


*Source: Ramboll, Land Transport Options between Europe and Asia: Commercial Feasibility Study*

# Globale Container Overslag 1971

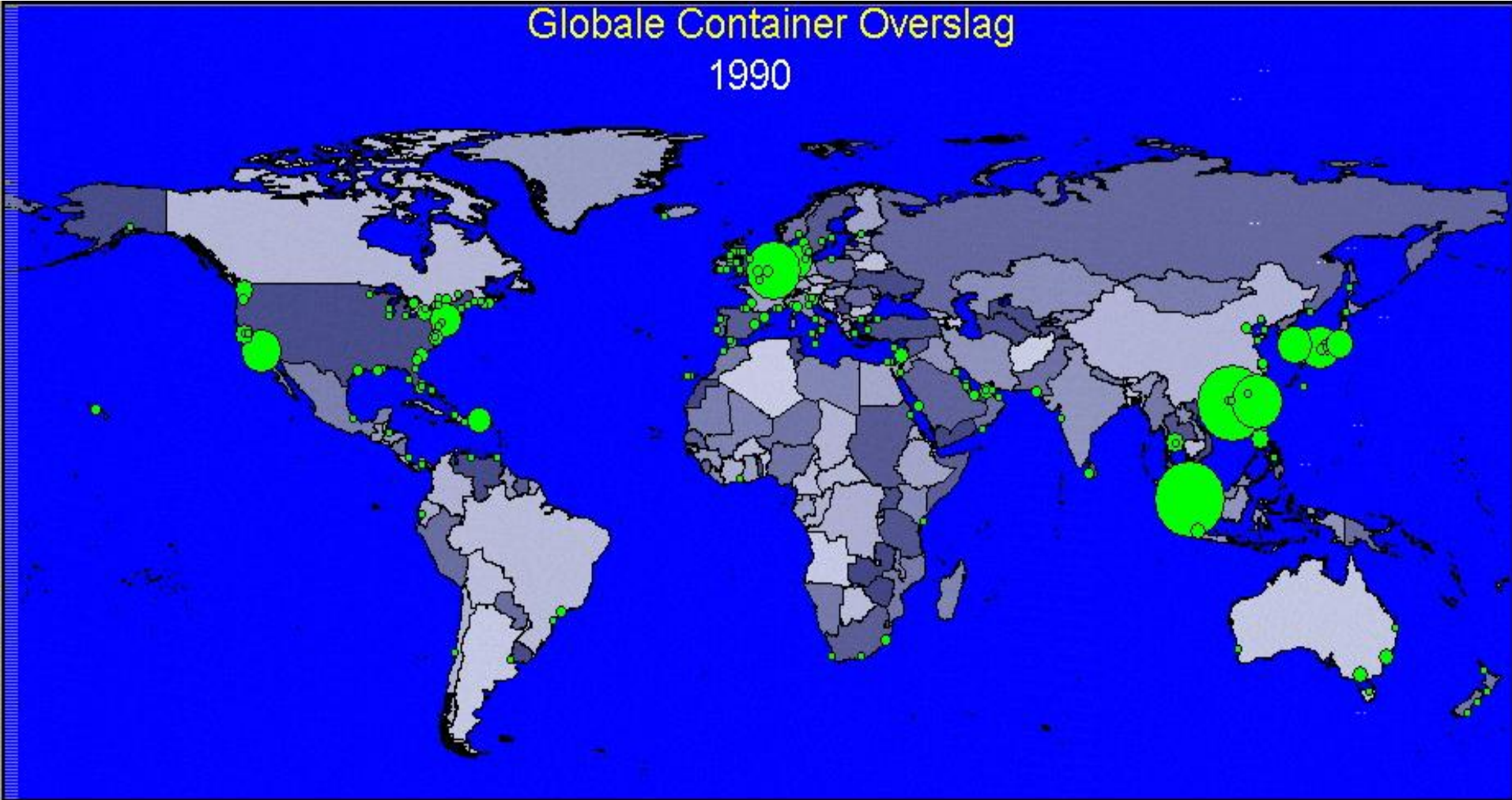


# Globale Container Overslag 1980



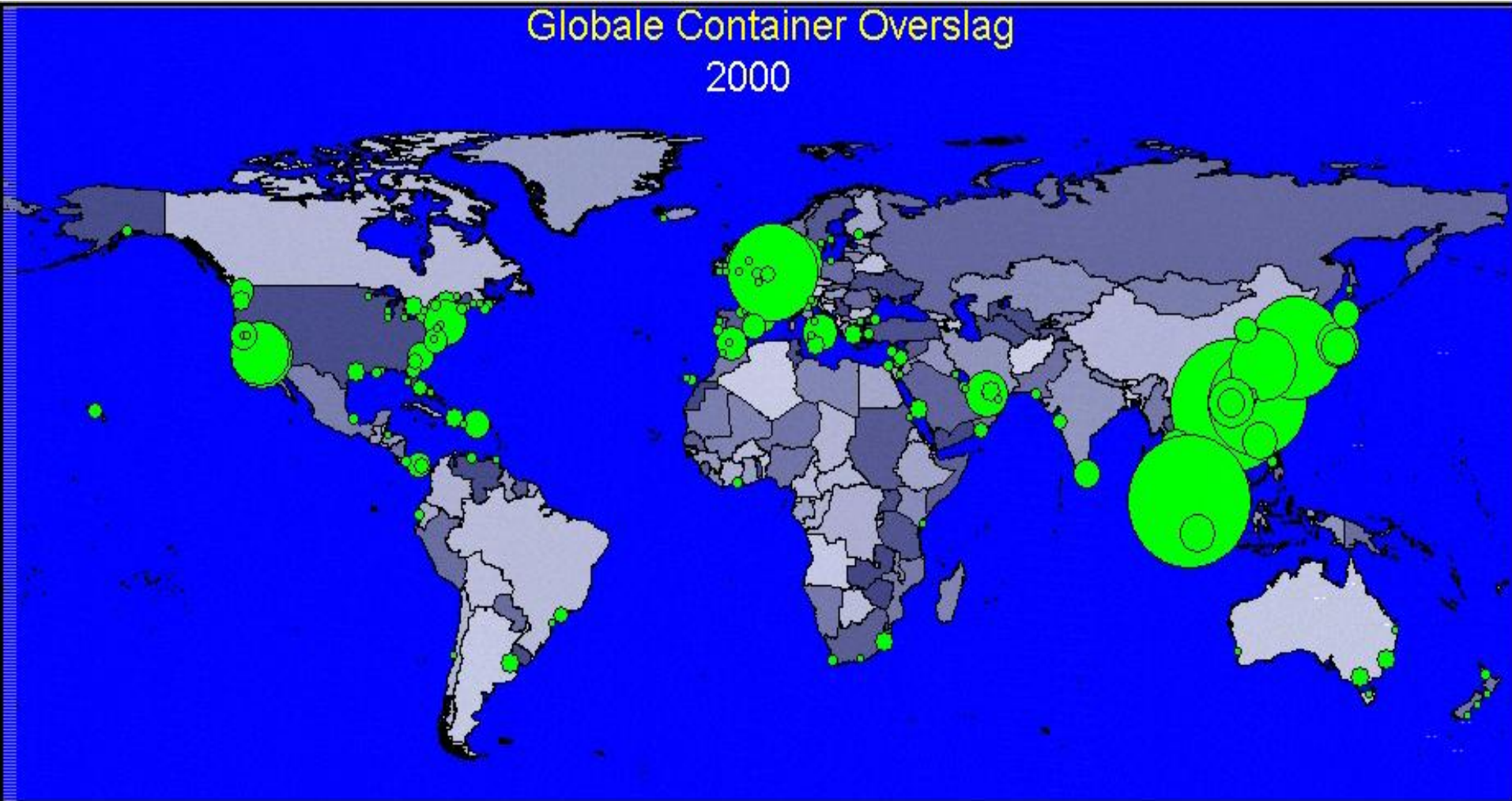


# Globale Container Overslag 1990

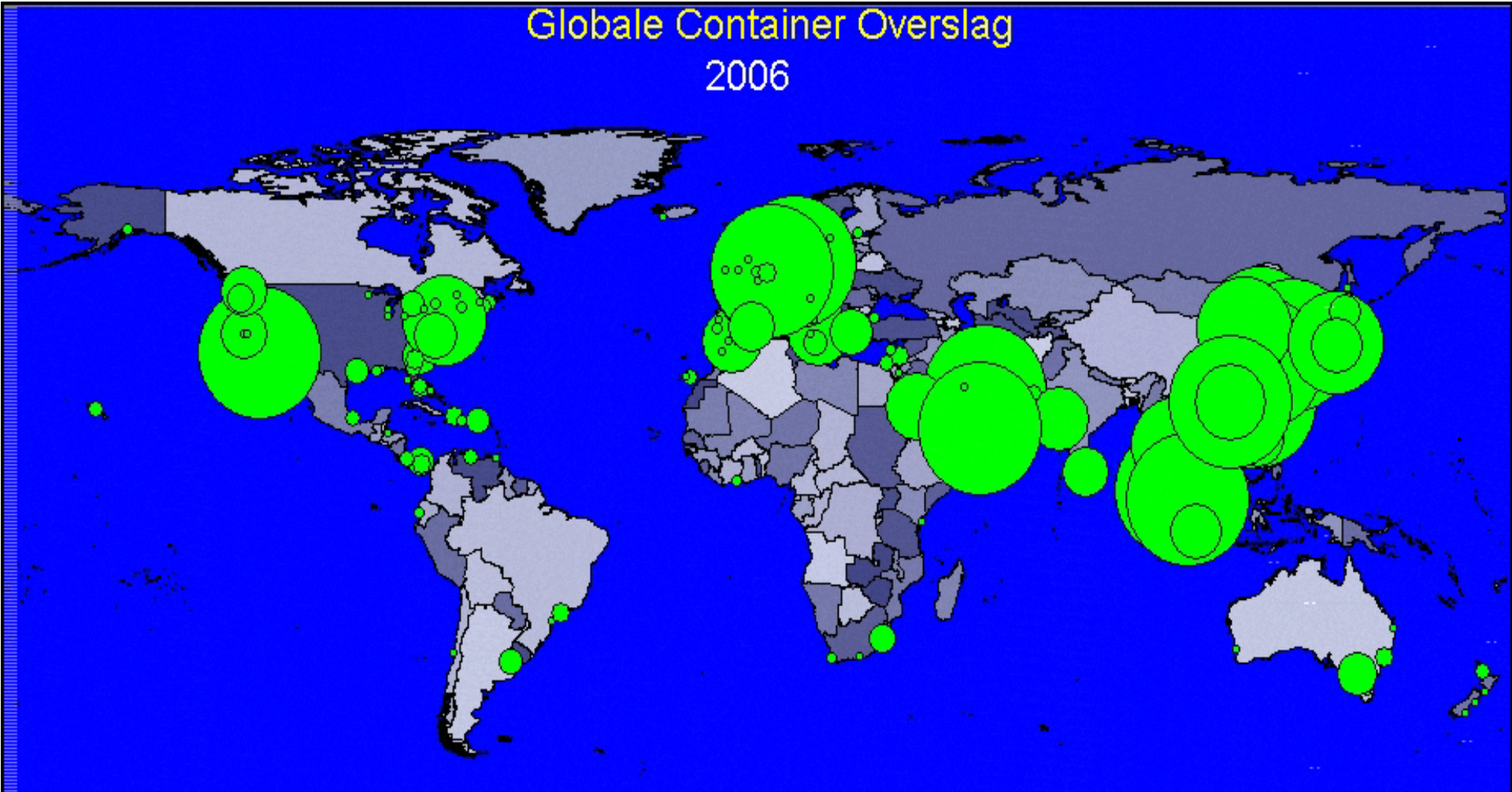




# Globale Container Overslag 2000



# Globale Container Overslag 2006



# To Conclude

Intense PPP in logistics/customs needed.

Improving logistics infrastructure- both physical and legal- accelerated trade, which improves ranking in LPI and increases FDI

# Thank you.

For futher queries

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