Transit potential of Azerbaijan in the network of Trans-Asian railways
Международный транспортный коридор «Север - Юг»

Условные обозначения:
- коридор "Север - Юг"
- перспективные линии коридора "Север-Юг"

Варианты следования грузов в коридоре "Север-Юг":
1 - Транссибирский
2 - Западный, через Литву
3, 3а - Восточный, через Серах и Эрекх

строившиеся ж.-д. линии Хазим - Реал - Бондер-Энзели и проектируемые ж.-д. линии Реал - Астары.
строившиеся ж.-д. линии Узень - Борисог - Горган.
Azerbaijan segments of international transport corridors
<table>
<thead>
<tr>
<th>Route</th>
<th>Days</th>
<th>Distance (km)</th>
<th>$/TEU</th>
<th>$/FEU</th>
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<tbody>
<tr>
<td>Bandar Abbas – loading and unloading operations</td>
<td>2</td>
<td>150</td>
<td>230</td>
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<td>Bandar Abbas - Kazvin</td>
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<tr>
<td>Kazvin - loading and unloading operations</td>
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<td>Kazvin - Astara</td>
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<tr>
<td>Astara - loading and unloading operations</td>
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<td>100</td>
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<td>Astara – Yalama</td>
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<td>106</td>
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<td>Samur – Moskow (Worsino)</td>
<td>5</td>
<td>2260</td>
<td>331</td>
<td>609</td>
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<tr>
<td>Samur - Buslowskaya</td>
<td>7</td>
<td>3373</td>
<td>473</td>
<td>945</td>
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<tr>
<td>Samur - Krasnaya</td>
<td>6</td>
<td>2475</td>
<td>347</td>
<td>693</td>
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<tr>
<td>Samur - Posin</td>
<td>8</td>
<td>2895</td>
<td>405</td>
<td>811</td>
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<tr>
<td>Samur - Pechori Pskovskie</td>
<td>9</td>
<td>3083</td>
<td>432</td>
<td>864</td>
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<tr>
<td>TOTAL</td>
<td>14</td>
<td>4679</td>
<td>1544</td>
<td>2329</td>
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<tr>
<td>CIF Bandar Abbas FOR Moscow</td>
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<td>1686</td>
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<tr>
<td>CIF Bandar Abbas - DAP Buslowskaya</td>
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<td>15</td>
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<td>2413</td>
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<tr>
<td>CIF Bandar Abbas - DAP Krasnaya</td>
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<td>5314</td>
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<tr>
<td>CIF Bandar Abbas - DAP Posin</td>
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<tr>
<td>CIF Bandar Abbas - DAP Pechori Pskovskie</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Trans-Caspian International Transport Route

The Trans-Caspian International Transport route is a common product designed to simplify, accelerate and meet the growing trade turnover between the countries of Europe and Asia.

Coordinating Committee of TCIT Coordination Development and expansion February 2014

Consortium

Association of TCIT Unified tariff policy, common transport technology October 2016

Координационный комитет по развитию Транскаспийского международного транспортного маршрута был создан 20 февраля 2014 года.
Baku-Tbilisi-Kars new railway line
South-West Transport Corridor
The international transport corridor "Southwest" is a new logistics product of Azerbaijan, created to improve the trade turnover between India and the Persian Gulf, the Black Sea region and European countries.
THANK YOU
• INTERNATIONAL CONFERENCE ON THE CREATION OF THE TRACECA CORRIDOR
• September 7-8, 1998

✓ 13 countries from Eastern Europe, Caucasus and Central Asia;

✓ Access to regional markets by use of road, rail and maritime transport
BASIC MULTILATERAL AGREEMENT ON INTERNATIONAL TRANSPORT FOR THE DEVELOPMENT OF THE EUROPE-THE CAUCASUS-ASIA CORRIDOR 1998

- Development of economic relations, trade and transport communication in Europe, the Black Sea region, the Caucasus, the Caspian Sea region and Central Asia.

- Ensuring the access to the world market of road, rail transport and commercial navigation

- Facilitating international transport of goods and passengers and international transportation of hydrocarbon products

- Ensuring traffic security, cargo safety and environment protection

- Harmonization of transport policy as well as legal framework in the field of transport

- Creation of equal conditions of competition for transport operations
Legislation in Transit System

National legislation

- Custom Code
- Legislative Acts on Transit

International Legislation

- Revised Kyoto Convention
  Special Appendix E - Transit
- Bilateral and International Agreements on Transit
National Legislation

Customs Code

• Chapter 29. Transit

• Article 174. International transit

• The special customs procedure for international customs transit is a customs procedure in which foreign goods are transported through the customs territory under customs control between two points without payment of customs duties, value added taxes and excises, and without the application of trade policy measures.
• **National Legislation**
  - Custom Code
  - Chapter 29, Transit

• **Article 174, International transit**
• The movement of goods under a special customs procedure for international transit is carried out in the following order:
• Transportation of goods begins and ends outside the customs territory;
• Transportation of goods is carried out between two points of the customs territory through the outside of the customs territory;
### National Legislation

<table>
<thead>
<tr>
<th>Transportation distance (Km)</th>
<th>Recommended terms of delivery of goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 350</td>
<td>For auto transportation</td>
</tr>
<tr>
<td></td>
<td>For containers or shipment by separate parties</td>
</tr>
<tr>
<td>From 350 to 600</td>
<td>24 hours</td>
</tr>
<tr>
<td></td>
<td>48 hours</td>
</tr>
<tr>
<td>More than 600</td>
<td>36 hours</td>
</tr>
<tr>
<td></td>
<td>72 hours</td>
</tr>
<tr>
<td></td>
<td>For every full or incomplete 350 km is added another 24 hours</td>
</tr>
</tbody>
</table>
Presidential Decree No. 12. November 11, 2009

«Application of the “SW principle” on inspecting the goods and vehicles crossing the state border checkpoints of the Republic of Azerbaijan»
Benefits of SW

For Government
- More effective and efficient deployment of resource
- Correct revenue yield
- Improved trader compliance
- Enhanced security
- Increased integrity & transparency

For Private Sector
- Cutting costs through reducing delays and informal payments
- Faster clearance and release
- Predictable application & explanation of rules
- More effective & efficient deployment of resources
- Increased transparency
- Less Processing Step

Decrease in time for border crossing 70%
International Agreements

• CUSTOMS CONVENTION ON THE INTERNATIONAL TRANSPORT OF GOODS BY USING TIR CARNETS (1975)

• INTERNATIONAL CONVENTION ON THE INTERNATIONAL TRANSIT PROCEDURE FOR THE CARRIAGE OF GOODS BY RAILWAY WITH THE APPLICATION OF SMGS

• CUSTOMS CONVENTION ON THE HARMONIZATION OF CONDITIONS MONITORING GOODS AT BORDERS (1982)
TIR Convention, 1975

• The Law of the Republic of Azerbaijan No. 33-IQ of March 12, 1996
• Regulations on the Rules for the Admission of Carriers for international road transportation using TIR Carnets (Order of the State Customs Committee of Azerbaijan Republic No. 058 of August 30, 2000)

✓ Admission of legal entities and individuals to use TIR Carnets
✓ Suspension and cancellation of authorization
✓ Rules for customs control of goods and registration of TIR Carnets during transport (Order of the State Customs Committee of Azerbaijan Republic No. 45 of May 25, 2005)
TIR Guarantee

• Act of Guarantee on TIR Carnets between the State Customs Committee of Azerbaijan Republic and the ABADA (April 11, 1997);
• The Guarantee Agreement between the State Customs Committee of Azerbaijan Republic and ABADA (December 17, 1999);
• Guarantee Agreement between the State Customs Committee of the Republic of Azerbaijan and ABADA (March 15, 2016);
X-ray Systems
Government actions for coordination

- Decree of the President of the Republic of Azerbaijan on the establishment of the Coordination Council of the Republic of Azerbaijan on Transit Cargo Transportation October 21, 2010. No. 655

- Promotion of corridors passing through Azerbaijan and increasing competitiveness

- Applying a common flexible tariff policy

- Coordination of the activities of state bodies and transport operators
As a result of the simplification of transit procedures and Cost reduction of 40% for exit about 16,000 transit vehicles passed through the country in the first half of 2017, which is 1.5 times more than in the same period last year.

A shorter and beneficial route for the developing countries of Central Asia to access European markets.
Facilitation of trade formality

For export:
▪ For the export of ethyl alcohol and alcoholic beverages, tobacco products license is not required;
▪ For the export of food products to the countries of the European Union, a certificate of quality is not required;
▪ For the export of plants and plant products to the countries of the European Union, a phytosanitary certificate is not required;

For import:
▪ For the import of goods subject to mandatory certification, a certificate of conformity is not required;
▪ The certificate of origin is not required, except for cases of importation of goods regulated by other methods of foreign economic activity or origin from countries provided by the Republic of Azerbaijan or subject to quantitative (quota) import restrictions, as well as other cases provided for in the International Agreements to which Azerbaijan is a party Republic.
Azerbaijan's position in the reports of doing business 2014-2017 on the indicators of the introduction of foreign trade

<table>
<thead>
<tr>
<th>Doing Business hesabatları</th>
<th>Reytinq</th>
<th>DTF (%-ilə)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doing Business 2017</td>
<td>83</td>
<td>72,28</td>
</tr>
<tr>
<td>Doing Business 2016</td>
<td>94</td>
<td>69,59</td>
</tr>
<tr>
<td>Doing Business 2015</td>
<td>164</td>
<td>42,37</td>
</tr>
<tr>
<td>Doing Business 2014</td>
<td>168</td>
<td>41,16</td>
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</tbody>
</table>
Decree of the President of the Republic of Azerbaijan on improving the conditions for doing business and increasing the country's place in international rankings
July 13, 2016 No. 2199

• Action Plan for the implementation of the Decree - from June 2, 2017 No. 2497
• Article 7.2.1.1
• Implementation of measures necessary to improve legislation, as well as creation of a guarantee system to accelerate the implementation of the New Computerized Transit System (NCTS).
• Receiving the status of an informal observer in EU / EFTA groups (as part of Azerbaijan’s continuous engagement with EU’s Neighbourhood Policy tools and hopes associated with TEN-T)
What will the NCTS promote?

➢ Attraction of transit cargo to transport corridors running through the territory of the country and increase of transit potential;
➢ Optimization of time and costs for import-export operations and transit cargo transportation;
➢ Facilitation of border-crossing procedures;
➢ Minimization of the list of documents required for customs purposes in transit through the application of a single administrative document;
➢ Accelerate the analysis and risk assessment by preliminary exchange of information on the entire transit route.
Thank you for your attention!

Rashad Novruz,
Head, Regional Economic Cooperation
Trade & Economic Diplomacy at
Ministry of Foreign Affairs
email: r_novruz@mfa.gov.az