

CHAPTER IV. SUMMARY OF PRELIMINARY FINDINGS

The case studies undertaken by the ESCAP secretariat represent a cross-section of landlocked countries from four subregions. The subregions are Central Asia, where the case study focuses on Kazakhstan and Uzbekistan (chapter VI); South-East Asia, where the focus is on Lao People's Democratic Republic (chapter VII); North-East Asia, where the focus is on Mongolia (chapter VIII); and South Asia, where the focus is on Nepal (chapter IX). The case study countries represent least developed countries and economies in transition.

The data for the study were gathered through several means including questionnaires, face-to-face interviews with policy makers, cargo owners, transport operators, transport intermediaries, customs officials and other stakeholders, as well as desk research. The secretariat undertook fieldwork in the selected landlocked countries and, wherever possible, in neighbouring transit countries. Empirical knowledge and information of secretariat staff and research studies undertaken by UNCTAD, the World Bank, and ADB also contributed to the study. Data have been validated, to the extent possible, through four subregional seminars, hosted by the case study countries in early 2003, where the framework for the recommendations and the action plan contained in chapter V were deliberated.

The ESCAP study findings included the following

- (a) Each landlocked country had access to the sea through more than one country, apart from Nepal and Bhutan where sea access passes through India. Each of the landlocked countries had a traditional or predominant route and the movement of goods on these routes could be improved with better transport facilitation. For alternative routes to be attractive, further improvement in infrastructure and service levels and a reduction in non-physical bottlenecks were required.
- (b) The ESCAP study results highlighted the fact that a corridor approach was needed in identifying and dealing with non-physical bottlenecks. Along a transit corridor, the development of infrastructure was subject to competing priorities at the national level. Transit country governments had to balance the needs of landlocked countries and their own local infrastructure development goals in allocating funds for a particular transport corridor. Meanwhile, non-physical bottlenecks including quotas on the number of operators, licensing arrangements, insurance, customs procedures are within the control of governments of countries along a route.
- (c) Both landlocked and transit countries are becoming increasingly aware of the prospect of landlocked countries becoming "land-linking" countries and providing transit countries with alternative routes to international markets.
- (d) The application of the cost/time methodology often challenged common assumptions of transit costs and times at particular border points and along particular routes. Some routes had steeper cost/time curves than expected while others were considerably less expensive in terms of cost and time. While there was general awareness among policy makers of the rough magnitude of costs/time along transport corridors, substantial differences were noted in data and information provided by ministries responsible for transport and customs and information provided by private sector shippers, transport operators and freight forwarders. This scenario, which was observed within each country, was more pronounced when comparing information

gathered from either side of a land border. There seems to be a dearth of accurate and timely information on various aspects of transit transport.

- (e) The findings of the ESCAP secretariat study suggest that national trade and transport facilitation committees could serve as forums for bringing different stakeholders together. Such facilitation committees could consist of senior government officials responsible for trade and transport, customs officials, as well as private sector representatives of cargo owners, transport providers, transport intermediaries such as freight forwarders, multimodal transport operators and other relevant stakeholders. In this regard, the application of the cost/time methodology could serve as the basis for discussion between all stakeholders along a particular corridor to identify and isolate the cost increases and time delays, and to identify solutions to bottlenecks. The Committees could undertake the corridor studies with guidance from ESCAP. The facilitation committees can also seek assistance from academics and research institutes in undertaking the corridor studies and analyzing the results.
- (f) The ESCAP study also points to the need for a mechanism that would bring together the national trade and transport committees of all the landlocked countries so that they could share their experiences and compare best practices. There is, in addition, a need to bring together the trade and transport facilitation committees along a particular transit corridor so that stakeholders from both landlocked and transit countries can undertake a joint corridor study, analyze the results of such studies and jointly come up with solutions to overcome the physical and non-physical bottlenecks so identified.
- (g) Based on the findings of the four case studies, it is evident that there is a wide divergence in terms of minimum and maximum transit times and costs for each transit transport system. As an indicative example, four of the transit routes analysed as part of these studies are compared below. They include:
- Almaty – Kurlin – Krasnoe – Berlin (road);
 - Kathmandu – Birgunj – Raxaul – Kolkata Port (road);
 - Vientiane – Thanaleng – Nong Khai – Bangkok Port (road); and
 - Ulaanbaatar – Zamiin Uud – Erenhot – Tianjin Port (rail).
- (h) The results of the transit time and cost analyses are shown in Figures IV.1 and IV.2 respectively.⁹ As can be seen, differences in time and costs are partly explained by differences in distance. However, differences in time and costs associated with border crossings are less easily explained. Figures IV.3 and IV.4 show the variance in time and costs at selected border crossings.
- (i) While the secretariat has been able to ascertain the cost and time of transit transport in total, further study is required to determine a detailed breakdown of the cost increases or time delays shown in the case studies. The ESCAP secretariat is now in a position to share with relevant countries the types of data needed, the pitfalls in their collection and the best ways to obtain the data and undertake the corridor studies.

⁹ It should be noted that the quotations for the route from Kazakhstan and Germany were based on a 12 meter semi trailer, and therefore to obtain some comparability, the costs for this route were halved. The graphs should therefore be taken as indicative rather than as an accurate comparison.

Figure IV.1. Average transit time for the export of containerized cargo

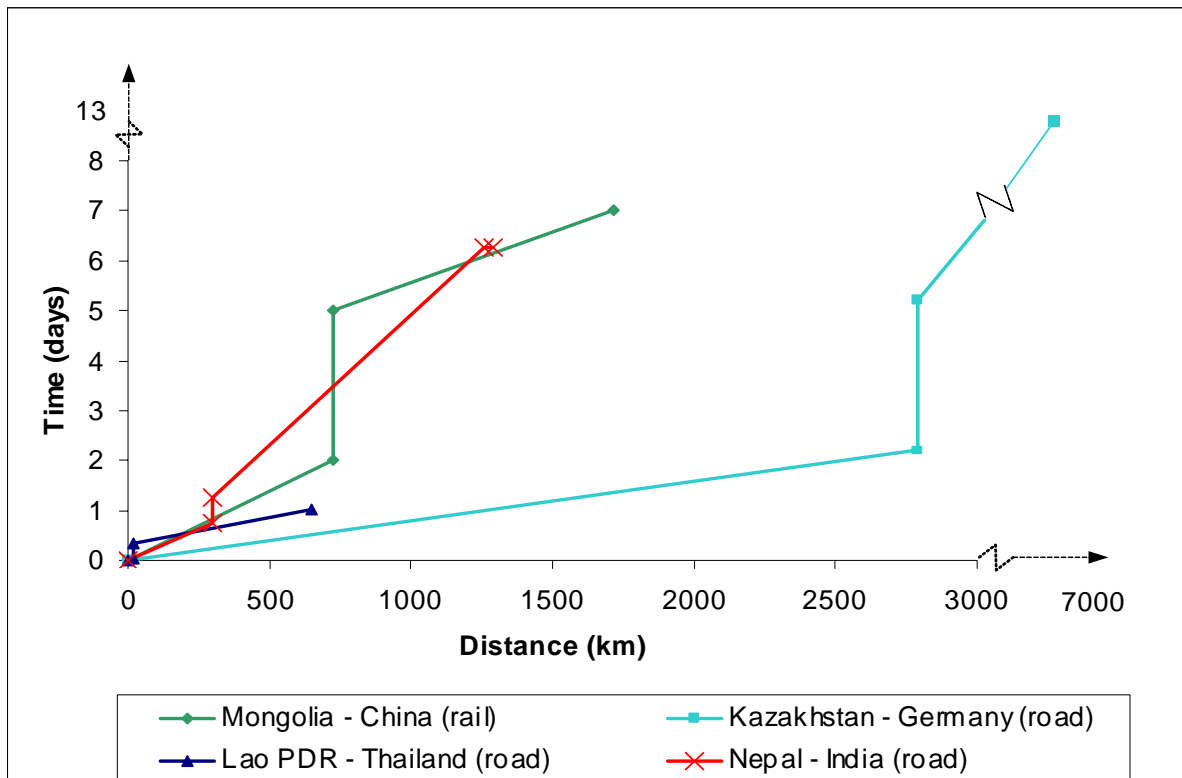


Figure IV.2. Average transit costs for the export of containerized cargo
(Per TEU; for Kazakhstan – Germany per half of 12 meter semi trailer)

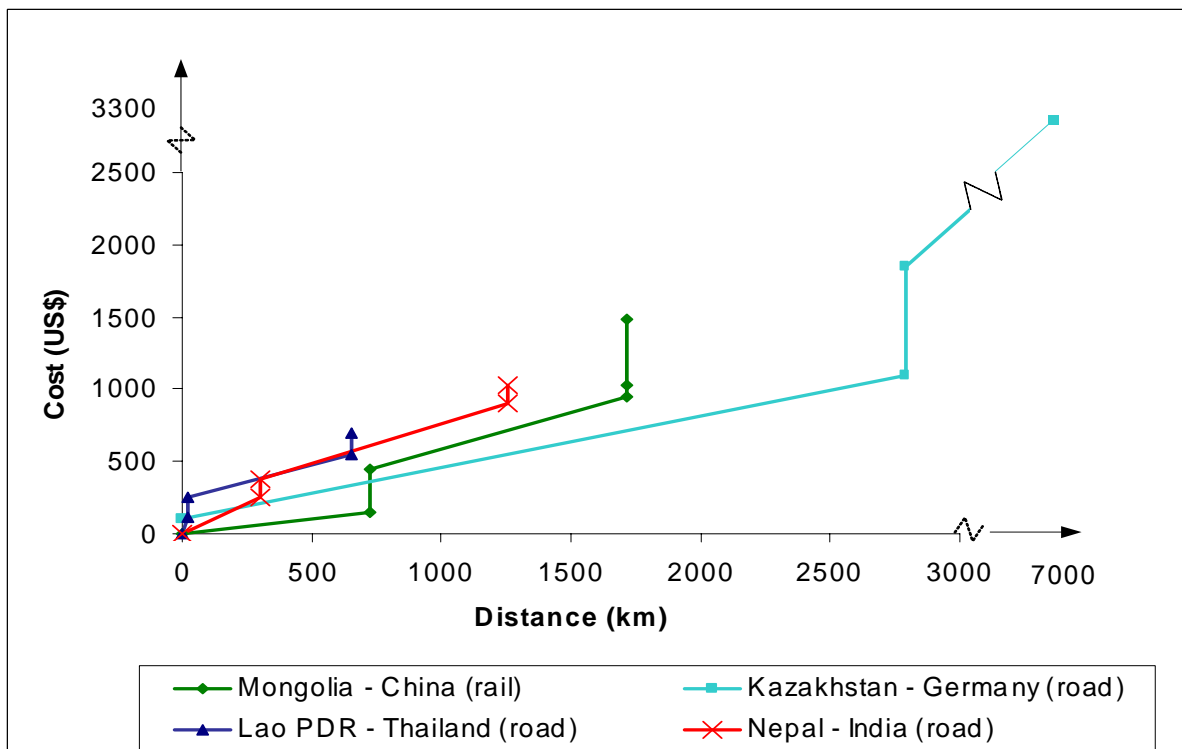


Figure IV.3. Comparison of selected border crossing times
(Hours)

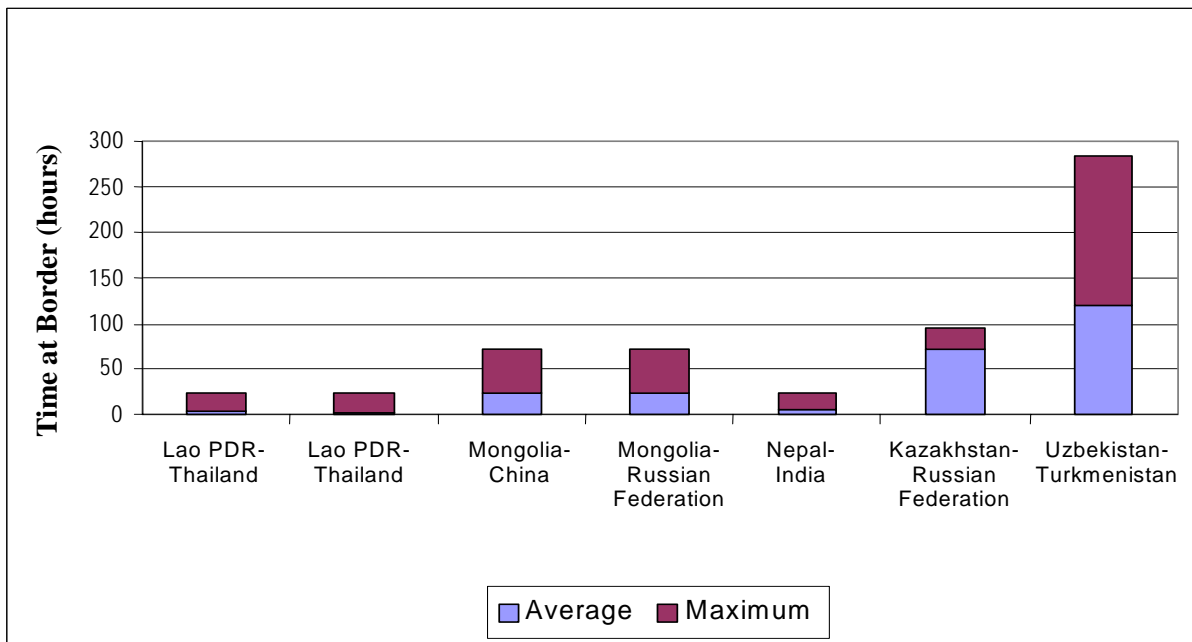
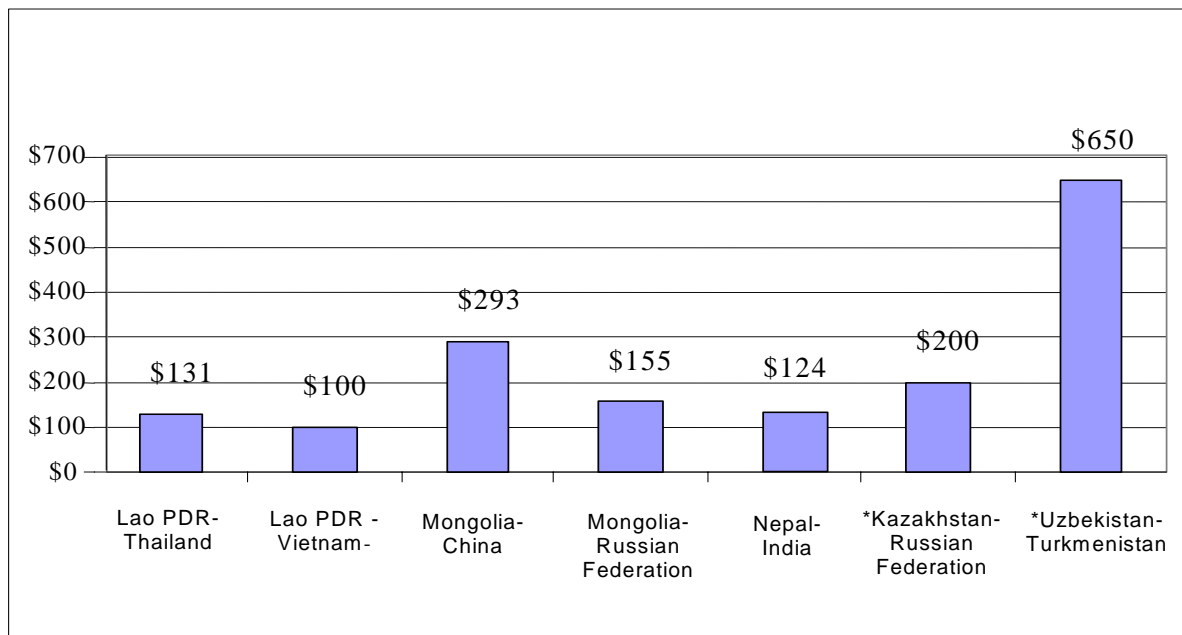


Figure IV. 4. Comparison of selected border crossing costs
(US\$ Per TEU)



* Estimated from cost of standard European 12 meter semi trailer.