Turkey; as a Logistics Hub

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Turkish (TOBB) Transport and Logistics Assembly
&
Board Member for DEIK

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TURKEY rose from 39 to rank 30 out of 160 countries.

World Bank – Global Logistics Performance Index 2014

- The efficiency of the clearance process (speed, simplicity, and predictability of formalities) by border control agencies, including customs.
- The quality of trade- and transport-related infrastructure (ports, railroads, roads, information technology).
- The ease of arranging competitively priced shipments.
- The competence and quality of logistics services (transport operators, customs brokers).
- The ability to track and trace consignments.

The frequency with which shipments reach the consignee within
Logistics performance of the region should be harmonized...

Logistics Performance Ranking of Countries In the Region - 2014

1. Germany
2. Italy
3. China
4. Qatar
5. Turkey
6. Romania
7. Greece
8. Bulgaria
9. Saudi Arabia
10. Kuwait
11. Cyprus
12. Oman
13. Ukraine
14. Jordan
15. Kazakhstan
16. Russian Federation
17. Armenia
18. Tunisia
19. Tajikistan
20. Georgia
21. Macedonia, FYR
22. Azerbaijan
23. Uzbekistan
24. Turkmenistan
25. Iraq
26. Kyrgyz Republic
28. Syrian Arab Republic
29. Afghanistan
GLOBAL LOGISTICS PERFORMANCE INDEX:

**Target : Top 15!**

- The efficiency of the clearance process (speed, simplicity, and predictability of formalities) by border control agencies, including customs.
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- The ease of arranging competitively priced shipments.
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The frequency with which shipments reach the consignee within
Overall Performance of Turkish Logistics Sector

- Share of transport & logistics in GDP: 15%
- Size of logistics service provider market 20 Billion USD *
- Total Investment in international freight transport sector > 10 Billion USD
- Annual foreign exchange revenue appr. 6 Billion Dollars
- Service Exports 14.4 Billion Dollars

- Direct service provided to 83 countries in 3 continents

- 40% of Turkey’s exports (value)
- 35% of Turkey’s exports (amount)

Realized by road:

<table>
<thead>
<tr>
<th>Mod</th>
<th>export (billion $)</th>
<th>share</th>
<th>import (billion $)</th>
<th>share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sea</td>
<td>72,6</td>
<td>%50,3</td>
<td>123,4</td>
<td>%58,4</td>
</tr>
<tr>
<td>Rail</td>
<td>0,84</td>
<td>%0,6</td>
<td>1,9</td>
<td>%0,5</td>
</tr>
<tr>
<td>Road</td>
<td>56,9</td>
<td>%39,4</td>
<td>45,4</td>
<td>%21,5</td>
</tr>
<tr>
<td>Air</td>
<td>13,1</td>
<td>%9,1</td>
<td>22,4</td>
<td>%10,6</td>
</tr>
<tr>
<td>Other</td>
<td>1,3</td>
<td>%0,6</td>
<td>19,01</td>
<td>%9,5</td>
</tr>
<tr>
<td>Total</td>
<td>144,8</td>
<td></td>
<td>212,27</td>
<td></td>
</tr>
</tbody>
</table>

* 20 Billion USD is an estimate.
Turkish Economy: Export-based Growth Perspective

Net Service Exporting Sector
Nr 2: TRANSPORTATION

- Total Export of Services
- Total Export of Transport Services

2014: 50,46
2023: 150

9.2.2016
TURKISH-GREEK-BULGARIAN JOINT PROJECT FOR ACCELERATION OF BORDER CROSSINGS

Kapıkule Border Gate
- Daily 750 entry and exit by trucks
- Daily 150 entrance-exit procedures for trucks
- Working Hours: 7/24

İpsala Border Gate
- İpsala, staff of 136 for daily min. 350 trucks
- Kipi, staff of 32 for Daily 150 trucks

BENCHMARKS FROM THE WORLD

OTAI MESA BORDER GATE:
- Second largest border gate of USA
- Daily 3,000 entrance procedures for trucks
- Working Hours:
  - Weekdays 08:00 – 20:00
  - Weekend 08:00 – 14:00

EL PASO BORDER GATE:
- World’s largest border gate
- Daily 10,000 entrance-exit procedures for trucks
- Working hours:
  - Weekdays 06:00 – 18:00
  - Weekend 08:00 – 14:00
TURKEY & EU BELONG TO A SINGLE VALUE CHAIN...but transport is restricted by

- Transit quotas and charges
- Long waiting times at borders and terminals
- Mandatory modal shifts
- Discriminatory practices...

Transport Quotas = Trade Bottleneck

- Bulgaria = 250,000
- Romania = 36,000
- Hungary = 25,000
- Austria = 18,000
- Germany = 170,000
Turkey’s exports to EU amounts to 64 billion US $

Turkey imports 78,6 billion $ of goods from EU

50 % OF EXPORTS BY TURKEY MADE BY EU-CAPITAL COMPANIES
NO UNIFIED TRANSIT CHARGES WITHIN THE UNION, ON A SINGLE ROUTE....

Bulgaria (43 EUR) / GREECE (100 EUR) + Romania (238 EUR) + Hungary (500 EUR) =

.......GERMANY?

+ extra costs...
200 EUR per WAITING DAY

GERMANY = ..EUR?

+ 1000 EUR...

RO-LA FEE: 780 EUR

HUNGARY: 500 EUR

ROMANIA: 238 EUR

BULGARIA: 86 EUR
An impact analysis on a possible Turkish-EU Road Transport Agreement

Total cost of road transport quotas for Turkish-EU trade: 3,5 billion EUR

90% gains can come via Freedom of Transit
The WTO Agreement will increase:
- Exports up to $1,045 billion
- GDP up to $555 billion

### Impact of TFA Implementation

<table>
<thead>
<tr>
<th>Variable</th>
<th>Units</th>
<th>Scope and pace of implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports</td>
<td>2007 constant dollars</td>
<td>$750 billion per annum</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$1,045 billion per annum</td>
</tr>
<tr>
<td>Addition to annual</td>
<td>2.1%</td>
<td>2.7%</td>
</tr>
<tr>
<td>export growth, 2015-30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP</td>
<td>2007 constant dollars</td>
<td>$345 billion per annum</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$555 billion per annum</td>
</tr>
<tr>
<td>Addition to annual</td>
<td>0.3%</td>
<td>0.5%</td>
</tr>
<tr>
<td>GDP growth, 2015-30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**BALI PACKAGE (2013)**

Transit restrictions restrict international trade and they are banned in Article 11 of the new WTO agreement...

**TURKEY, RATIFIED THE TRADE FACILITATION AGREEMENT**

On 27 January 2016!
Turkey is located at the crossroads of the new global trade attractions including Middle East, Central Asia, Asia and Northern Africa… Prepares to offer an uninterrupted, efficient, reliable and sustainable multimodal trade corridor
WTO TRADE FACILITATION AGREEMENT

Freedom of Transit (Article 11) bans:

- Use of formalities and regulations as disguised instrument of discrimination,
- Imposing charges or taxes unproportional with service rendered,
- Introducing extra charges to existing ones,
- Unnecessary delays for goods to arrive the point of destination after entering transit regime....

TURKEY : 69th WTO member to ratify the agreement

TARGET 108 WTO Members

39 WTO Members must also approve the agreement to enter into force...
Turkey has become an important Transit Route for EU trade with emerging markets...

- Iraq
- Iran
- Central Asia
- Caucasus
- Middle East

FREE TRANSIT
FREE TRADE...

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2012</th>
<th>2013</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Logistics Performance Index ranking</td>
<td>34</td>
<td>27</td>
<td>27</td>
<td>&lt;15</td>
</tr>
<tr>
<td>Freight Transport (billion Tonne-km)</td>
<td>177</td>
<td>216</td>
<td>232</td>
<td>294</td>
</tr>
<tr>
<td>Freight Transport (billion Net Tonne-km)</td>
<td>9,6</td>
<td>10,9</td>
<td>12,4</td>
<td>22,5</td>
</tr>
</tbody>
</table>

Main objectives:

- Turkey becomes a regional logistics hub, with increased trade and competitiveness.

Transformation from Transport to Logistics Sector:

Program objectives.

- Strengthening of Turkey’s international positioning
- Reducing logistics costs of industrial goods
- Reducing delivery time for final goods to destined markets
Prioritized Transformation Program for Transport to Logistics:

Coordinator and Responsible Bodies:
- General Coordinators: Ministry of Development, Ministry of Transport, Maritime Affairs and Communications
- Program Components:
  Component 1: Strategy development and Institution Building in Logistics
  Responsible: Ministry of Development
  Component 2: Logistics Infrastructure Improvement in Cities
  Responsible: Ministry of Environment and Urbanization
  Component 3: Efficiency in Customs Procedures
  Responsible: Ministry of Customs and Trade
  Component 4: Büyük Ulaştırma Altyapı Yatırımlarının Tamamlanması
  Responsible: Ministry of Transport, Maritime Affairs and Communications
  Component 5: Boosting Competitiveness of Sector Companies
  Responsible: Ministry of Economy
  Component 6: Yurtdışı Lojistik Yapılanmasının Yurtdışı Yapılanmalarla Desteklenmesi
  Responsible: Ministry of Economy
Transformation from Transport to Logistics – Launched!

1- LOGISTICS COORDINATION COUNCIL – established on 28.01.2016

Members:
- Ministry of Transport, Maritime Affairs and Communications
- Ministry of Science, Industry and Technology
- Ministry of Environment and Urbanisation
- Ministry of Foreign Affairs
- Ministry of Economy
- Ministry of Customs and Trade
- Ministry of Internal Affairs
- Ministry of Development
- Turkish Union of Chambers of Commerce
- Turkish Exporters’ Assembly

2- TURKISH TRANSPORT MASTER PLAN
   --- contracted, will start in months...

3- TURKISH LOGISTICS MASTER PLAN
   .... Bidding process is launched...
THANK YOU FOR YOUR ATTENTION!

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