



Turkey ; as a Logistics Hub

Çetin NUHOĞLU

**President of International Transporters' Association &
Turkish (TOBB) Transport and Logistics Assembly
&
Board Member for DEIK**

06 February 2016, İstanbul

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

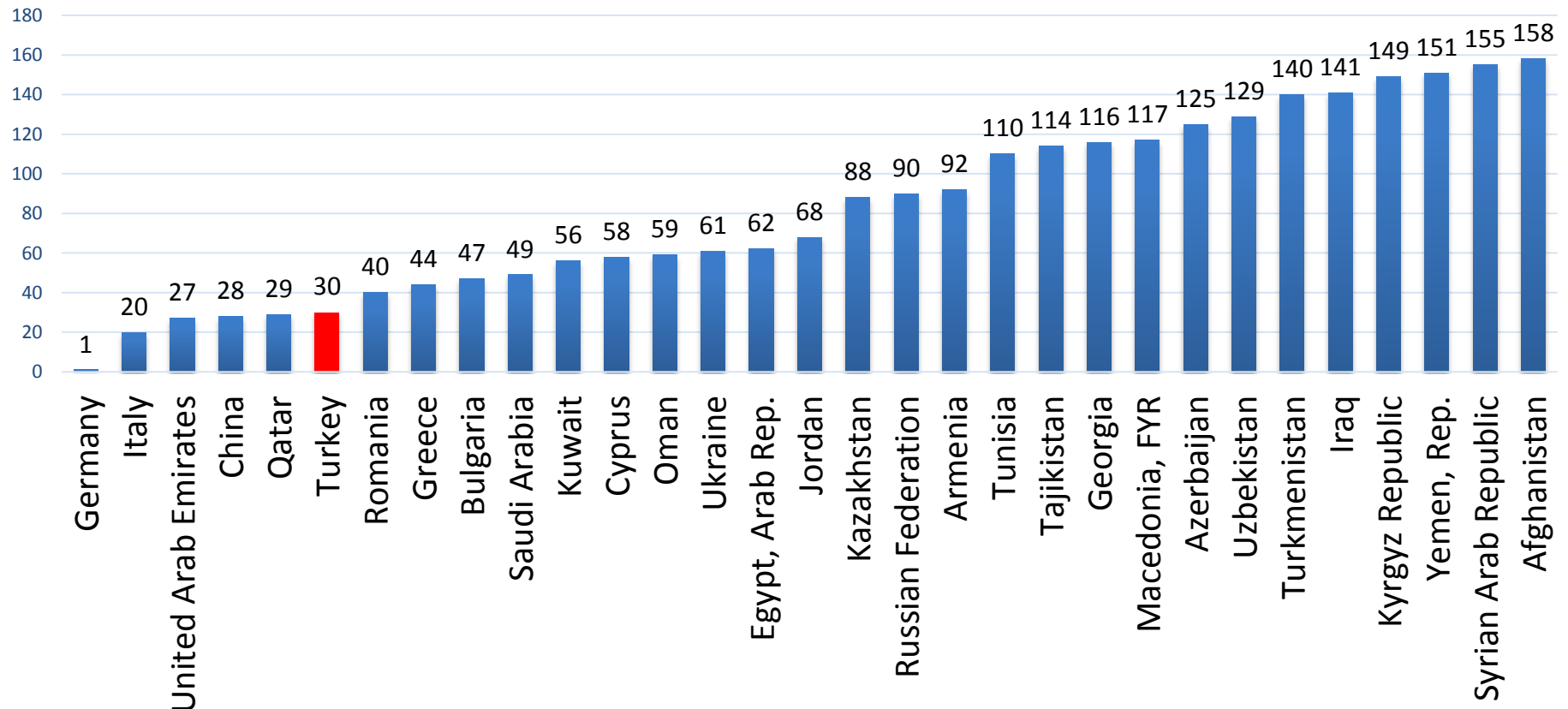
TURKEY rose from 39 to rank 30 out of 160 countries

LPI ranking and scores, 2012

Country	2012 LPI			Country	2012 LPI			Country	2012 LPI		
	Rank	Score	N of highest performer		Rank	Score	N of highest performer		Rank	Score	N of highest performer
Singapore	1	4.0	100	Belgium	53	2.91	141	Finland	105	2.53	481
Hong Kong SAR, China	2	4.0	99.1	Denmark	54	2.91	135.8	Costa Rica	106	2.53	489
France	3	4.0	97.8	Bahrain	55	2.91	135	Brazil	107	2.52	489
Germany	4	4.0	97.1	Thailand	56	2.91	135.5	Ghana	108	2.51	482
Netherlands	5	4.0	96.7	Egypt, Arab Rep.	57	2.91	133	Laos PDR	109	2.50	483
Denmark	6	4.0	96.4	Uganda	58	2.91	132.3	Sri Lanka	110	2.49	477
Belgium	7	3.9	96.1	Indonesia	59	2.91	132	Vietnam, Rep.	111	2.48	477
Japan	8	3.9	95.1	Peru	60	2.91	131.9	Taiwan, Rep.	112	2.48	476
United States	9	3.9	93.7	Panama	61	2.91	131.6	Paraguay	113	2.48	474
United Kingdom	10	3.9	93.1	China	62	2.91	131.4	Sri Lanka and Sri Lanka	114	2.48	474
Austria	11	3.9	92.3	Venezuela, Rep.	63	2.91	131.3	Ghana	115	2.48	474
France	12	3.8	91.2	Colombia	64	2.91	131.2	Kazakhstan	116	2.48	474
Sweden	13	3.8	91.2	Ecuador	65	2.91	131.1	Uzbekistan	117	2.48	469
Canada	14	3.8	91.1	Senegal	66	2.91	131.1	Guinea, Rep.	118	2.48	469
Luxembourg	15	3.8	90.2	Burkina Faso	67	2.91	131.1	Uganda	119	2.48	469
Switzerland	16	3.8	89.1	Bolivia	68	2.91	131.1	Morocco	120	2.48	469
United Arab Emirates	17	3.8	88.1	Guinea	69	2.91	131.1	Nigeria	121	2.48	469
Australia	18	3.7	87.2	Yemen	70	2.91	131.1	Yemen	122	2.48	469
Taiwan, China	19	3.7	86.4	Pakistan	71	2.91	131.1	Sierra Leone	123	2.48	469
Spain	20	3.6	86.4	Morocco	72	2.91	131.1	Japan	124	2.48	469
Korea, Rep.	21	3.6	86.2	Mali	73	2.91	131.1	Algeria	125	2.48	469
Norway	22	3.6	85.4	Guatemala	74	2.91	131.1	Slovenia	126	2.48	469
South Africa	23	3.6	85.4	Jordan	75	2.91	131.1	Morocco	127	2.48	469
Rwanda	24	3.6	85.4	Latvia	76	2.91	131.1	Equatorial Guinea	128	2.48	469
Ireland	25	3.5	84.4	Georgia	77	2.77	98.8	Morocco	129	2.37	458
China	26	3.5	84.1	Mexico	78	2.77	97.7	Poland	130	2.36	433
Turkey	27	3.1	85.1	Trinidad	79	2.76	98.2	Ghana	131	2.34	450
Portugal	28	3.10	85.1	Bahrain, Rep.	80	2.75	98.1	Moldova	132	2.33	426
Mozambique	29	3.0	79.1	Sierra Leone	81	2.75	98.0	Guinea	133	2.33	426

Logistics performance of the region should be harmonized...

Logistics Performance Ranking of Countries In the Region - 2014



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.
 - ✓ 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

A 3D bar chart with two bars. The first bar is shorter and labeled 'Rank 39'. The second bar is significantly taller and labeled 'Rank 10'. Below each bar is a silver sphere containing the rank number. The chart is set against a blue and white background with a diagonal line.

39

10

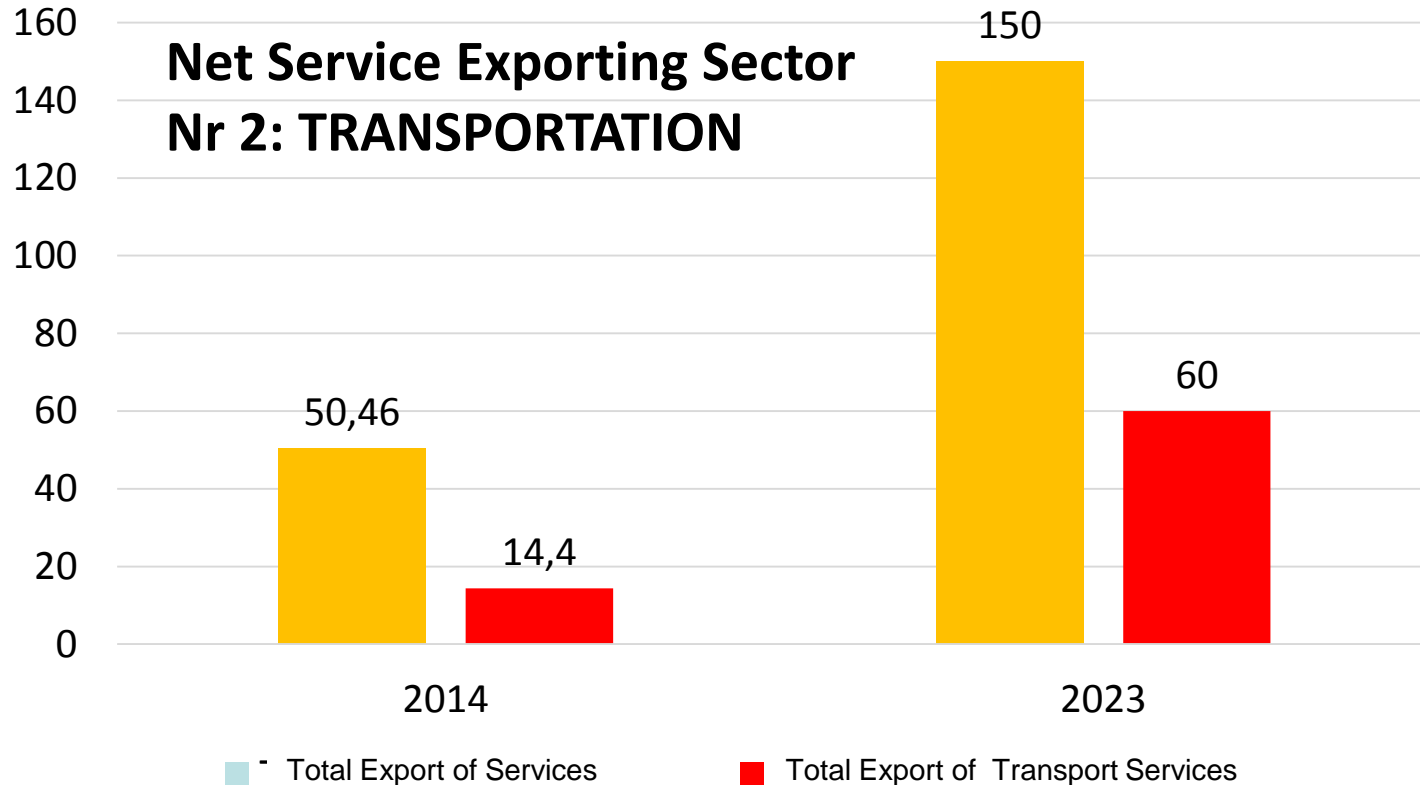
Overall Performance of Turkish Logistics Sector

- 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.

Mod	export (billion \$)	share	import (billion \$)	share
Sea	72,6	%50,3	123,4	%58,4
Rail	0,84	%0,6	1,9	%0,5
Road	56,9	%39,4	45,4	%21,5
Air	13,1	%9,1	22,4	%10,6
Other	1,3	%0,6	19,01	%9,5
Total	144,8	9.2.2016	212,27	

Turkish Economy: Export-based Growth Perspective



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



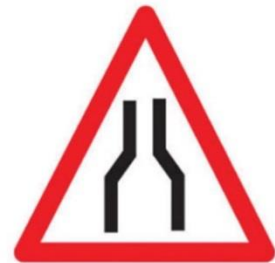
VALUE CHAIN...but transport is restricted by

- 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





May 2014, World Bank



July 2015, European Commission

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***



WORLD TRADE ORGANIZATION



Impact of TFA Implementation

Variable	Units	Scope and pace of Implementation	
Exports	2007 constant dollars	\$750 billion per annum	\$1,045 billion per annum
	Addition to annual export growth, 2015-30	2.1%	2.7%
GDP	2007 constant dollars	\$345 billion per annum	\$555 billion per annum
	Addition to annual GDP growth, 2015-30	0.3%	0.5%

WTO Agreement will increase

- Exports up to \$ 1,045 billion
- GDP up to \$ 555 billion

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!



Our Strategic Objective: Becoming a Regional Logistics Hub...



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

WORLD TRADE
ORGANIZATION



WTO TRADE FACILITATION AGREEMENT

Freedom of Transit (Article 11) bans :

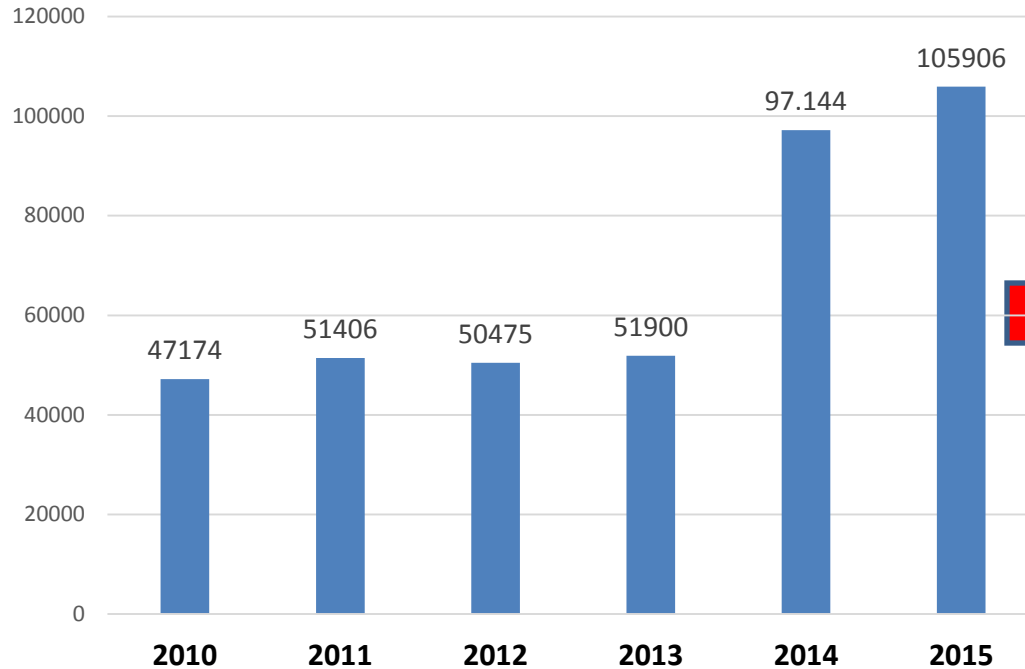
- Use of formalities and regulations as disguised instrument of discrimination,
- Imposing charges or taxes unproportional with service rendered,
- Introducing extra charges to existing ones,
- Unnecessary delays for goods to arrive the point of destination after entering transit regime....

TURKEY : 69th WTO member to ratify the agreement

TARGET → 108 WTO Members

39 WTO Members must also approve the agreement to enter into force...

Transit Trips Via Turkey



**FREE TRANSIT
FREE TRADE...**

**Turkey
has become
an important
Transit
Route for
EU trade with emerging
markets...**

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

10th National Development Plan (2014-2018): Transport & Logistics

	2006	2012	2013	2018
Global Logistics Performance Index ranking	34	27	27	<15
Freight Transport (billion Tonne-km)	177	216	232	294
Freight Transport (billion Net Tonne-km)	9,6	10,9	12,4	22,5

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

10th National Development Plan (2014-2018)

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 Sorumlu 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: Yurtiçi 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 !**

info@und.org.tr