

**Address by Gismat Gozalov, Deputy Secretary General of the Turkic Council,  
at the “6<sup>th</sup> International Forum on the Role of Customs Administrations on  
Promoting and Facilitating Trade Among Silk Road Countries”**

(14-15 November 2013, Gabala)

Mr. Chairman,

Mr. Minister,

Distinguished delegates,

Ladies and gentlemen,

At the outset, let me express that it is an honour to address such a prominent audience of government representatives, regional organizations and private sector associations. I would like to thank the State Customs Committee of the Republic of Azerbaijan for hosting this important event in this beautiful city of Gabala and for the kind invitation extended to us.

Before I approach to the topic of this conference, I would like to give short information about the organization that I represent: Cooperation Council of Turkic Speaking States, known in short as the Turkic Council, is a regional organization founded by Azerbaijan, Kazakhstan, Kyrgyzstan and Turkey in 2009.

Aside from political and cultural topics Turkic Council primarily attaches great importance to economic cooperation among Turkic countries as well as to their economic ties with the rest of the world. Mutually beneficial economic cooperation is the sound basis and the core of the Turkic cooperation at large. In this context, the First (Almaty) Summit of the Turkic Council at the level of Heads of State was organized under the theme of Economic Cooperation and stressed the significance that Turkic Council attaches to this field. It is no coincidence that the Third Summit of Turkic Council which was recently held in Gabala under the main theme of “Transport and Connectivity”, where issues of facilitating trade among member states of Turkic Council were discussed.

With an action-oriented approach stemming from its foundation philosophy, the Organization is working to set the priorities for practical cooperation and to initiate concrete projects in this direction.

Turkic Council attaches high importance to cooperation in areas of customs and transport. Considering the fact that the members of the Turkic Council, except Turkey are landlocked, cooperation amongst countries in this field is important. In other words it is known fact that due to their landlocked location Central Asian countries are dependent on their neighboring countries with regards to transporting their products to the World markets. This creates certain disadvantages in international trade competition.

In order to overcome this obstacle Heads of State of the Turkic Council made a priority task to boost cooperation in transport and customs transit which will certainly increase our trade potential and contribute to sustainable economic development. Hence, launching concrete cooperation mechanisms resulted in progress in this direction. Firstly, in the framework of our organization annual meetings of the heads of customs and transport authorities are held on constant basis. Secondly, we have established working mechanisms where experts from the member states discuss the barriers and provide concrete recommendations in order to overcome them. As a result of these meetings, conclusion of several legal documents allowed to us to form a basis for further effective collaboration.

The barriers and challenges affecting the countries are clearly visible. These are particularly, relatively high tariffs on export of goods, high transport costs and long and unpredictable waiting times for international shipments, high costs and low quality of transport and logistic services in the region. According to the Asian Development Bank data, the actual transport costs for shipments by road from Istanbul to the Central Asian countries are about 2.0–3.0 times expensive, while the actual transit time is 1.5–2.0 times longer compared to those in the “ideal world”.

Hence, with the aim to discuss customs cooperation among Member States and in order to promote facilitation of trade and development of transportation Meetings of Heads of the Customs Administrations of the Member States and Meetings of Working Group on Customs Cooperation are held on constant basis.

A Letter of Intent among the Heads of Customs Administrations of Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan and Turkey on Promoting and Facilitating Trade among Silk Road Countries was signed during the previous Forum on the Role of Customs Administrations on Promoting and Facilitating Trade among Silk Road Countries in November 2012 in Istanbul. It creates a sound platform for further cooperation. This document is an indicator of the importance that Turkic Council Member States as well as the neighbor nation of Georgia attach to this subject. The Letter of Intent highlighted the support of Turkic Council to the national projects of Member States on revitalization of the Silk Road, namely, Kazakhstan's "Silk Wind" and Turkey's "Caravanserai".

As a result of the Second Meeting of Heads of Customs Administrations, border-crossing point visits to Aktau Port, Karasu-Akterek and Subatay Baatyr – Chaldybar were carried out in July 2013 within the framework of the Caravanserai project and the studies on the Northern Route. Currently we are analysing results of this mission and jointly work with Member States towards eradication of obstacles existing in those countries.

Additionally, in accordance with the instruction of the Council of Heads of States and to introduce a high-level mechanism of improving cooperation in the field of transport, the First Meeting of the Ministers in Charge of Transport was held in Baku on 3 July 2013. Moreover, with the decision of the Ministers a "Coordination Council" at the level of vice ministers was established. The Council which has sufficient authority to bring pragmatic solutions to the problems confronted by operators is expected to be a problem resolving mechanism that shall support cooperation in transport. Furthermore, within the scope of the first meeting of Ministers of Transport Joint Cooperation Protocol on Development of Transport among the Member States and Memorandum of Understanding on Sister Seaport Relations and Cooperation among the Ports of Baku, Aktau and Samsun were signed.

In addition, meeting between Aktau and Baku Sea Ports authorities on development of Ro-Ro ferries and cargo-passenger transportation was held in May 2013 in Aktau.

Ladies and Gentleman,

The undertakings by the Turkic Council member states, which will be discussed during this Forum, reflect the common purpose of establishing a Modern Silk Road. The Baku-Tbilisi-Kars Railroad, “Silk Wind” project of Kazakhstan, “Caravansarai Project” of Turkey, new port facilities in Baku and Aktau, as well as the “Marmaray Rail tube tunnel” crossing the Bosphorus, which was inaugurated recently - all attest to this fact. Implementation of each of these projects will provide all countries in the Eurasian region with new opportunities to become international transport and transit hubs.

However, the success of these major investments in the transport infrastructure taking place in our region will largely depend on the role of Customs Administrations as the key facilitator of trade flows.

Without being supported by modern, electronic based, streamlined customs procedures, transport projects cannot bring the expected outcomes, which is effective, seamless and sustainable transport for boosting economic activity among the regional countries.

According to the much-quoted finding of the IRU (International Road Transport Union), the average speed of a truck operating between Europe and China is approximately 17.5 km. per hour, which is far below any expectations to meet the needs of current economic activity of the world.

In order to accelerate this truck, and the rail transportation as well, what we have to do is, among others, to minimize the waiting time at the border gates.

However, today we are faced with important obstacles even at the current level of trade volume amongst Silk Road countries. Enormous amount of time spent at border crossings still continue to create inefficiencies for intra-regional trade, one consequence being the diversion of transit trade to adjacent regions.

So, the challenge we are facing is to ensure speed and efficiency in customs services to minimize non-physical barriers to trade. For this reason, the main precondition for competitive and reliable new routes along the Silk Road to emerge as

credible alternatives to existing mostly saturated ones. It is also a guaranteed way to gain a competitive advantage for regional countries to attract a bigger share in the global transit market.

For instance, the use of a **unified tariff** is one of the key issues in the creation of a competitive route. It would improve transportation and logistics capabilities thus increasing freight in transport corridors of the participating countries, leading to increased economic cooperation through increased trade volumes.

It is for sure that Caspian Corridor can only be fully utilized if transport and customs operations are streamlined. Otherwise, the famous finding of the IRU shall remain as a discouraging reality.

In this framework, I believe it is important that diverse regional actors gathered at this Forum to discuss trade facilitation issues and devise ways to maximize efforts creating common best practices. In this regard, we strongly support a broader implementation of various UN mechanisms wherever possible and suggest that integrated solutions involving customs and transport deserve utmost priority.

Ladies and gentlemen,

Finally, I would like to note that being a young organization aiming to serve as a tool of cooperation in Central Asia and Caucasus, Turkic Council stands ready to make its contribution to the Modern Silk Road as a new regional partner.

It should be no exaggeration to say that Turkic Council is well-placed for this objective: both in the geographical sense with its member countries and more importantly, in the sense of the strong political will that it brings into this process as a high-level intergovernmental mechanism.

It is obvious that recommendations which are to be reflected in Gabala Declaration should be taken into account and shed light to the global deliberations ahead.

I wish the participants all the success with the 6<sup>th</sup> Forum.

Thank you.