

Strategy of the Intergovernmental Commission TRACECA for development of the international transport corridor Europe-the Caucasus-Asia for 2016-2026 worked out on the basis of the Master Plan TRACECA and proposals of the Parties

The Strategy of the Intergovernmental Commission TRACECA for development of the international transport corridor “Europe-the Caucasus-Asia” (TRACECA) for the period up to 2015 was adopted in May 2006 during the V IGC TRACECA Meeting held in Sofia, the Republic of Bulgaria.

After the completion of the Strategy implementation with the support of the European Union Technical Assistance projects the TRACECA countries are prepared to get down to a new stage of the Europe-the Caucasus-Asia corridor development .

The EU Technical Assistance Project LOGMOS in close cooperation with TRACECA countries developed a TRACECA Master Plan – a comprehensive document consisting of the analysis, conclusions and recommendations for the realization of measures aimed at further development of the international corridor Europe-the Caucasus-Asia.

This document presents priority guidelines for the Parties to the Basic Agreement for development of the Europe-the Caucasus-Asia corridor and calls for introducing a Master Plan into the legal framework of TRACECA by following a consistent policy for the implementation of its provisions.

The forthcoming period is determined by quite a number of advantages creating possibilities for stable development of the corridor, particularly, raising transit attractiveness of TRACECA routes:

- Mutual interest in trade exchange between the EU and its eastern neighbours.
- Growth rate of the economy in the TRACECA Parties surpasses the world mean value and in combination with (a) pursued policy in favour of economic diversification, and (b) opportunities of complementarity in transport sector create favourable conditions for trade development.
- Focus of the EU leading economic entities on placing enterprises in the Far East region, and correspondingly the tendency to change external supply chains' patterns to/from Europe.
- Continuing economic growth of PRC and the EU official policy directed to a) shifting of the focus of economic attraction to the west, which improves the competitive position of TRACECA compared to maritime routes to Europe and b) transition to the output of more expensive products which increases the importance of speed and the reliability of delivery in comparison with transport costs.
- Success of container trains operation such as “Viking”, “Zubr”.

- Future development of railway communication through Georgia and Turkey to Europe.
- Current upgrade of port facilities on the Caspian (Aktau, Baku/Alyat and Turkmenbashi).
- Development of trade by means of removal of the existing bottlenecks.

Main objectives of the Europe-the Caucasus-Asia corridor development

The Parties acknowledge that the main objectives of further development of the TRACECA corridor for the coming period will consist in:

- concerted efforts with the view of enhancing the role and functions of the TRACECA corridor in international trade outside the TRACECA region as an important alternative to other corridors;
- ensuring a sustainable multi-modal transport network conducing to the smooth and uninterrupted flow of trade and passengers using transit potential of the corridor to the full;
- encouragement of the stakeholders in making a systematic evaluation of regional and international consequences of the national policy while solving transport-logistic issues, which will promote further negotiations with donors and IFIs;
- introduction and maximally wide spreading of the best practices and advanced regional and international experience, modern approaches and innovations among all concerned circles in the TRACECA countries;
- promotion of the improvement of global logistics of supply chains and development of transport processes based on international practice;
- arrangement of optimal conditions to attract private sector for creation of maritime routes, international logistic centres and realization of combined projects; - identification of priority infrastructure and other projects from the point of view of investments and financing schemes;
- reinforcement of human resources and capacity development.

At the same time the analysis made by LOGMOS shows that the key problematic areas include complicated export-import procedures; regulatory environment for business on the whole and corruption in border crossing.

Therefore further effort of TRACECA should be focused on carrying out measures to remove obstacles to trade and transport. It is necessary to concentrate on the implementation of more favourable procedures and rules for business, the fight against corruption, as well as the elimination of causes of excessive costs and delays connected with international traffic.

The Parties should initiate efforts in order to provide competitive services for long-distance traffic along the TRACECA corridor in view of trade development between Central Asia, including western and central regions of China, and the West (Europe and Turkey, including the routes to the Middle East and the Mediterranean region).

A significant aspect in the corridor development consists in investments into infrastructure and technology taking into consideration cost and ecological advantages of railway and maritime transport as compared with road and air transport; the necessity in modernization of border crossing points, development of logistics and intermodal projects.

Additional reforms regarding policies, laws, rules, institutions and procedures aimed at a) removal of bottlenecks in the way of smooth passage of freight flows, motor vehicles and passenger flows, and b) development of mutually beneficial trade will create a proper legal basis promoting traffic development in the corridor.

Effective and unconditional application and implementation of the existing legal basis within the framework of the Basic Agreement will make it possible to fully exploit the corridor transit potential, thereby attracting freight flows to the region.

Active involvement of private sector in all segments of transport-logistic activity, including investments, facilities operation and services rendering will result in the decrease of the public sector share.

More active use of TRACECA as a platform for cooperation between national structures both public and private ones will contribute to the development of the dialogue between states on the borders, as well as between operational systems.

Removal of logistical barriers in trade between the Parties will also increase the capacities of the TRACECA corridor.

At the same time TRACECA countries are faced with the competition threats from maritime routes between the Far East and Europe operating larger and more power efficient vessels; competition of Trans-Siberian route taking into consideration major investments in the improvement of service and commercial marketing. It is necessary to accelerate the rates of reforms in all transport sectors. Different railway track gauges and other barriers in the way of interoperability create additional problems in transportation arrangement. Demonopolization of services on the Caspian Sea will favour the enhancement of services provided and reduction of transport costs.

In order to achieve the stated objectives the Strategy and the TRACECA Master Plan suggest a number of measures structured by the following sections:

- Institutional-legal barriers for transport and international trade;
- Motorways of the Sea, railway ferry communication and maritime routes;
- Railway sector;
- Road sector;

- Inland waterways;
- Air traffic;
- Connections to the hinterland, multi-modal and logistic opportunities

Each section is considered through the prism of three layers:

1. Quality of infrastructure and state of networks
2. Institutional-legal
3. Rendering services, increasing the attractiveness of the TRACECA corridor in a competitive market.

Institutional legal recommendations proceed from the fact that initially it was recognized that the TRACECA member states differ in historical, cultural and ethnical peculiarities, therefore the existing legal regimes also differ in important aspects. The TRACECA member states are subdivided into three categories:

- The countries which made headway in harmonizing their legal standards with the EU, WCO and other international rules;
- The countries which updated their primary legislation, but did not complete amending by-laws;
- The countries which still update their primary legislation

General situation in the legal sphere is characterized by different level of correspondence to the European legislation, different approach of the countries to the elimination of gaps and high degree of the need of further coordination of steps.

Correspondingly in the forthcoming period the countries will not have a uniform decisions package. However there are some wide-spread issues which can be resolved jointly at the sub-regional level – in each of two maritime sub-regions (the Caspian and the Black Sea) and in Central Asia. The countries which made headway in updating their legislations have ample opportunities of rendering assistance to other countries on a bilateral basis.

Improvement of legal environment. The evaluation of the legal environment of the TRACECA Programme beneficiary countries is included in *Annex 1 of the Master Plan “Proposals for Improvement of Legal Environment for Motorways of the Sea and Logistics”*.

The countries should make efforts to remove obstacles conditioned by normative-legal environment.

Besides changes in the legislation it is necessary to achieve effective enforcement of the accepted standards.

Development and implementation of the document on combined transport, provided that all TRACECA countries ratified the TRACECA Agreement of Development of Multimodal Transport, will make it possible to facilitate traffic along the whole corridor.

Adoption of unified rules corresponding with international practice mirrored in customs codes and subsequent introduction of these rules to by-laws will considerably facilitate transit traffic in the whole corridor.

Effective implementation of the “Single Window” concept will allow ensuring the appropriate level of cooperation of separated authorities and institutions in the countries.

Implementation of preliminary electronic declaration in all TRACECA countries will necessitate considerable resources but will substantially reduce the time of crossing check points which in its turn will be an extremely competitive advantage.

In the forthcoming period the countries will have to prepare a corresponding regulatory framework for the implementation of the concept of economic operators applying the best world practice.

. The implementation of the EU practice in the TRACECA countries is conditioned by the fact that with relation to trade the EU impacts the TRACECA corridor, auxiliary transport modes and customs regimes, as well as a number of countries not being EU member states having bilateral commitments regarding harmonization and adaptation of the national legislation in compliance with the EU basic principles. In this connection the Master Plan offers a number of the EU guidelines, regulations, decisions and communications to be translated and introduced into the legal frameworks of the TRACECA countries.

In the forthcoming period countries will have to accede and to implement the legal standards envisaged in a number of international agreements and conventions. Particularly it is important to promote effective enforcement of the revised Kyoto Convention, Convention on Facilitation of International Maritime Traffic (FAL), the Hague-Visby rules relating to Bills of Lading, the United Nations Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea (Rotterdam Rules). The countries which did not finalize the accession to the recommended International Agreements and Conventions within the framework of the former Strategy up to 2015 should achieve effective introduction of these rules into their national legislations.

Cooperation with organizations and projects covered by the TRACECA geography having similar goal will make it possible to consolidate efforts to develop transit traffic and trade in the region and to achieve synergy. In that respect the relations within signed Memoranda on Cooperation, perspective areas of cooperation in the Eurasian segment, including CAREC and the “Silk Road Economic Belt” acquire special significance.

Railway sector. Railways are one of the key components of the transport system in the TRACECA member states. After pipelines the main mode of overland transportation and delivery of great volumes of bulk goods over medium and long distances is still the railways.

Measures on further development of the railway sector within TRACECA corridor are given in *Appendix 4 Review of the Railway sector in the Master Plan*.

The railways of TRACECA countries should seek to apply in full logistic solutions or to provide services on cargo delivery according to the “door-to-door” and “just-in-time” principle as customers require. Full scale acquisition of this market segment is a major task for TRACECA railway companies. In spite of the fact that all TRACECA member states take steps to reform their railway sectors, the rates and scales of the reforms differ by countries. Several countries concentrate on restructuring and partial privatization of infrastructure (for example, container terminals in Armenia, Georgia and Kazakhstan), others - on the rolling stock (like in Kazakhstan and Ukraine). It is necessary to accelerate the liberalization of access to the railway infrastructure, to carry out or to finalize the reforms, aimed at separation within the framework of national railway companies of infrastructure management on the one hand and cargo-and-passenger operations, on the other hand.

TRACECA countries are faced with the necessity of raising investments in railways, including the problem of missing links, the necessity of the renewal of the rolling stocks, electrification, increasing the speed of freight trains, ensuring traffic safety, reducing time in transit and eliminating the delays, especially at border crossing points. Optimal management of assets, efficient application of procedures or operations is capable of ensuring proper development of the railway transport within TRACECA.

Restoration and development of the railway infrastructure requires computerization of the sector, development of information systems and implementation of resource-saving technologies. Reconstruction of power supply installations and electrification are of great significance in infrastructure needs.

Special attention should be paid to the activities on adjusting automatic tracking system which would enable users to localize their goods.

The growth of railway traffic volumes between Central and Western Europe, as well as Eastern Europe and PRC is restrained by principal differences in the provisions of two international systems of transport law: SMGS (OSJD) and CIM (OTIF). These norms are based on different legal systems regarding regulation of responsibility. Streamlining transit procedures and border crossing by means of application of a single railway consignment note CIM / SMGS is the priority task for TRACECA countries, since it envisages application of a single transport document recognized by customs services and covers the whole route from the point of departure to the port of destination passing through/ from and to the countries applying SMGS or CIM consignment notes which will in its turn ensure growth of freight traffic along the TRACECA corridor.

In all TRACECA countries (except Turkey) the volumes of rail traffic surpass those of road carriage. This is partly connected with the developed railway network which is a part of the Soviet heritage, in some degree – with the nature of intraregional freight transport over long distances and transit transport characterized by prevailing bulk cargoes. The interest towards containerization is growing, which promotes the development of intermodal transport system.

Correspondingly the recommendations of the Master Plan are targeted at container cargo and the cargo suitable for containerization as well as the enhancement and modernization of intermodal and logistic objects and services. Therefore these actions aim at ensuring the smooth and uninterrupted trans-boundary and intermodal freight traffic all across the region. These actions should be concentrated on ensuring short and absolutely reliable transit time. This requires close cooperation between all TRACECA countries.

One of the railway sector main objectives is the use of railway communication for maritime traffic. The realization of this objective will provide for the capacity of railway segment to promote the development of delivery chains in the corridor.

Countries have to proceed with the reforms to promote the liberalization of access to the railway infrastructure. It is necessary to give access to freight and passenger transport for private operators in those countries which have not done it so far.

In most countries there is no unit regulating railway transport, and safeguarding functions are still under jurisdiction of national monopoly for infrastructure management.

It is necessary to advance the solution of the issue of the rolling stock deficiency.

It is required to improve the state of infrastructure by increasing the level of investments in this respect and to solve the problem of the missing links along the main TRACECA directions.

As a priority it is necessary to remove considerable delays, especially at border-crossing points. Some countries implemented the “single window” concept which is still being introduced. It is necessary to achieve the effective application of this principle and to introduce this concept in all countries applying the existing “best practices”. This concept is based on effective cooperation of separated administrations and institutions.

It is necessary to increase the efficiency of coordination between railways, customs authorities, forwarding agents and customs brokers; to simplify the procedures of registration in state agencies, to work out uniform administrative regulations and requirements to documentation, including customs documents by providing the access to this information.

Preliminary electronic declaration has not been introduced so far in all countries, essential hardware or software is lacking, this issue should be solved in priority order.

The countries have to implement a number of institutional measures in the field of railway transport. For example, the development and implementation of a common

document of combined transport would be effective within the framework of Agreement on Development of TRACECA Multimodal Transport.

Along with the introduction of a common document the countries can also disseminate the implementation experience of a single CIM/SMGS consignment note.

During the period of implementation of the Strategy the countries will have to concentrate joint efforts to adopt through competitive rates targeted to the market. The countries will take measures for effective and full realization of the provisions on preferential tariffs and rebates as it is envisaged in the Technical Annex to the Basic Agreement on International Railway Transport, agree on fixed discounts for tariffs, ensuring the transparency of the tariff composition. Coordination between the TRACECA countries on harmonization issues of railway tariffs will become one of primary activities to increase the effectiveness of the corridor.

The TRACECA corridor is unique since it connects two regions across two seas, therefore maritime traffic is a significant aspect of the success of the TRACECA corridor. Accordingly, the TRACECA countries will have to continue ports modernization, in particular in Poti and Aktau, including railway connection to the hinterland. Special consideration should be given to the construction of a new deep-water sea port in Anaklia (Georgia) Some ports are characterized by excessive capacities, in particular, in Romania and Ukraine.

The objectives of the TRACECA countries for maritime sector reflected in *Appendix 3 Maritime traffic* just like for other sectors emphasize the necessity of implementation of coordinated systems and procedures, improvement of communication, dialogue between the stakeholders and involvement of private sector. Transportation capacity of the fleet is presently sufficient, but there may arise the shortage of capacity of feeder container ships, in case containerization will subsequently develop in line with the expectations and demand. There is an acute need in the improvement of operations and procedures which influence the efficiency and, consequently, the competitiveness of ferry service. Taking into consideration the fact that many technical and organizational problems facing TRACECA have already been resolved in other regions, in particular in the EU, which means that there is an example of the “best practice”, the countries expect the EU technical assistance be implemented in this dimension.

The ports being border check points and the place for goods transshipment, provision of administrative services, performing of trade procedures, as well as connecting links of overland and maritime routes, are ones of the most important transport hubs. In case of TRACECA they have special significance since the corridor crosses the Black Sea and the Caspian Sea, and its functionality as an international transport corridor in many respects depend on the effectiveness of ports and maritime traffic.

The ports carry out a whole number of key administrative services and trade procedures. By estimation of the Master Plan port installations on the Caspian Sea and the Black Sea located along the TRACECA routes, their infrastructure and organization, operational activity and corresponding traffic, analysis of the current and future

development plans of infrastructure in TRACECA major ports (with the exception of Aktau, and to a lesser degree, of Poti) are not an impediment to perform regular line shipping. At the same time the ports hub function should be strengthened. The countries have to apply efforts in order to implement public and private projects for construction of logistic centres, implemented or planned for the implementation in all ports.

The countries will have to make considerable efforts to standardize port operations and ships for development of maritime shipping. National regulatory policies are to be elaborated in view of economic globalization and growth of the popularity of delivery chains conception. It is expedient to redistribute the roles of private sector and state represented by state companies and state monopolies.

To overcome organizational and administrative barriers restricting sustainable development of the sector the TRACECA countries will have to promote the dialogue at national and regional level which will enable the interested parties to jointly solve the issues presenting common interest.

The specifics of the corridor, where railway ferries are used for overcoming long distances off-shore both on the Caspian Sea and the Black Sea, determines the necessity of renovating the fleet, ensuring sustainable schedule, standardizing operational requirements and uniform approach in the tariff policy.

Implementation of quality, transparent and quick border crossing and port procedures (including reducing customs clearance time and more effective registration of shipping documents) allowing full preparation of departing wagons for loading before arrival of the ship and fulfilling all procedures regarding arriving trains after ship's departure will result in increasing the number of transported wagons and goods.

The involvement of Turkmenistan in the TRACECA institutional processes will allow ensuring the sustainability of approaches to the Iranian ports development – Neka/Enzeli/Noushekhur and support the stable chain in the direction of Baku-Turmenbashi.

Strengthening of the hub function of TRACECA ports will improve the corridor attractiveness. At the same time it is necessary to make every effort to ensure reliable communication on the western coast of the Black Sea where TRACECA is connected to the TEN-T networks.

In Ukraine it is important to overcome sorting capacities' deficiency in the port of Odessa and to organize fast, reliable and competitive railway communication with other regions of the country and with its foreign neighbours. Constantza and sea ports of Bulgaria have to solve the problem of deficiency or lack of inland and international railway communication lines. In addition in Romania and Bulgaria it is important to increase the role of the Danube in inland water container shipping.

The countries have to increase the quality of services provided at present by three national TRACECA carriers (combined railway-ferry and Ro-Ro transport) - NaviBulgar, Ukrferry and CASPAR). In this respect it would be appropriate to improve operational procedures applied by Ukrzaliznitsa in the field of management of the rolling stock, running between Ukraine and the Caucasus which will result in reduction of delays in ports.

In spite of considerable amounts of the invested money, operational activity of ports and fleets is on the whole below accepted standard and hampers the development of maritime services. The countries have to ensure the revision of the national regulatory policy lines in view of globalization of economy and dissemination of the supply chains concept. Corresponding roles of the state acting through state companies and government monopolies, and private sector have to be revised. Combined actions and dialogue with business are essential. With the view of overcoming non-physical barriers hampering the sustainable development of maritime sector TRACECA countries have to promote the development of the dialogue at the national and regional levels enabling the stakeholders to jointly discuss and decide the issues of common interest. At the national and regional levels it is necessary to implement recent communication networks based on the IT.

The objectives of the road sector in TRACECA countries are stated in the *Appendix 5 Review of Road Sector* and focused on seeking solutions to infrastructure issues in intermodal and main hubs, provision of quality road maintenance, especially in central nodes, in the ports of the Caspian Sea and the Black Sea, development of the institutional potential in both public and private sectors. The countries have to realize in full measure the Concept of Development of International Road Traffic along the Transport Corridor Europe-the Caucasus-Asia, Increase of Competitiveness and Attractiveness of Road Routes TRACECA and the Regional TRACECA Road Safety Action Plan to improve road traffic safety. It is also necessary to create adequate conditions to resolve the issue of the wear of motor trucks fleet.

About 10 % of road network extent in TRACECA countries falls on the international roads network or highways. Less than 20 % of the basic network is represented by dual highways, mainly in Central Asia. 43% of them fall on the TRACECA corridor. Average roads density as per a thousand of people is comparable with performances of developed countries, however it is below the density index per a thousand square kilometres. The volume of freight road traffic along the territory of the TRACECA corridor steadily grows on average by 9% annually, passenger – around 5%.

Major problem is the deficiency of proper road network maintenance. One of the instruments of proper roads maintenance is the involvement of private sector in the upkeep of road management projects.

Countries have to solve two main tasks in this respect:

- Increase of the allocated resources for the road sector maintenance;

- Upgrade and reorganization of public enterprises responsible for road network management.

It is also important to realize measures on reinforcement of the potential necessary for planning and programming, development of integrated and modern system of road assets management.

Subsequent development of road infrastructure will remain an important objective in the forthcoming period. For the last ten years considerable efforts were exerted for improvement of the quality of highways. Nevertheless, the countries will have to continue activities on maintaining and ensuring proper level of road network condition, including auxiliary infrastructure.

To create and maintain proper road infrastructure the countries need to follow an efficient national policy as well as to take concerted actions at the international level. Identification of the needs in investment resources and search for financial resources to modernize the depreciated infrastructure will constitute significant tasks for the governments of TRACECA countries. Particularly, the countries will proceed with taking actions to create favourable legal environment for investors, transparent legal regulations for PPP, will promote the attraction of financing to cover the needs of road sector.

Growing demand for traffic dictates the necessity of ensuring efficient infrastructure and implementing programme measures aimed at elimination of the bottlenecks. Extension of the countries commitments regarding strengthening of regional cooperation and following relevant national policy will promote the increase of freight traffic volumes along the TRACECA corridor. Subject to the availability of favourable legal framework, open market and effective business structures, TRACECA countries constituting a part of the recognized international transport corridor and enjoying good transit potential may become more attractive for investors.

Along the established TRACECA road routes there are 46 internal border crossing points operating under different conditions and regimes, including the restrictions on transit traffic.

Countries have to press towards the development of road sector to provide a full spectre of logistic services in road transport. The achievement of these results along with infrastructure improvements, removal of non-physical barriers and application of modern logistic methods will make it possible to provide for an increase of freight traffic volumes by road along the TRACECA corridor.

In the forthcoming period countries will have to continue the implementation of the Concept of Development of International Road Traffic along the Transport Corridor Europe-the Caucasus-Asia, Increase of Competitiveness and Attractiveness of TRACECA Road Routes, including the expansion of the application area of TRACECA multilateral permits system. The inclusion of the Caspian region countries and Central Asian countries into this system will promote the elimination of barriers in international road freight traffic.

The solution of infrastructure issues in intermodal and nodal facilities of *Appendix 7 Connections with hinterland, multimodal and logistical possibilities* reflect the objectives of the road sector in its segment regarding the creation of sound multi-modal chain and uninterrupted flow of freight and passenger traffic along the TRACECA corridor.

Intermodal freight traffic suppose transportation of goods using intermodal containers or vehicles / demountable bodies (ITU – intermodal transport unit) via several modes of transport (including road transport), without any handling of the goods in modal shift. Such method of transportation allows to decrease handling operations, and thus to increase security and safety, to cut down the losses and damages, as well as to ensure quicker delivery of goods. The introduction and expansion of intermodal transport will enable the TRACECA countries to achieve advantages in intercontinental transportation.

In this connection the countries will exert their efforts in developing intermodal terminals/logistic centres. Creation of an effective internal terminal / dry port / logistic centre provides the implementation of a large-scale project in the field of capital facilities with participation of private and public sectors, which in its turn requires efforts of the Parties on further development of the legislation related to the implementation of such projects. TRACECA countries will have to give consideration to the **development of inland waterways**. In the previous periods inland waterways were not included in the official corridor network. But the rivers Dnepr and Danube are segments which need to be taken into consideration for enlargement of the TRACECA corridor. *Appendices 6.1 and 6.2 define the actions of the interested countries for development of inland waterways TRACECA on the rivers Dnepr and Danube.*

In this respect countries will have to resolve the issues of upgrade of coastline installations, attraction of investments for the upgrade of fleet, expansion of cooperation between littoral states, particularly for dredging operations in the fairway of the Danube. Institutional reforms are needed for debureaucratization of the processes, capacity building, development of coastal intermodal and nodal facilities for the rivers Danube and Dnepr.

The Dnepr is intended to play an important role at the national level for Ukraine, connecting the centre of the country, including Kiev, with the Black Sea. Within TRACECA corridor the inland waterways of Ukraine are the main part of the network of the European inland waterways of the CIS countries.

The river Dnepr being the international inland waterway of category “E” is open for the call of foreign ships which will make it possible to provide for optimal distribution of transport flows from Central and Eastern Europe in the direction of the Black Sea ports. Creation of necessary relevant logistic infrastructure and improvement of conditions for navigation will put the highest value to this river in logistic chains, connecting the river Danube, the Black Sea and the Mediterranean Sea.

With the view of realizing these tasks it is necessary to take measures on reducing the costs of overland traffic by ensuring container shipping by barges according to a reliable schedule. Successful realization of the Dnepr potential plays directly into modal shift of freight flows.

The Danube is recognized by a vitally important trade link between the Eastern and Western Europe, the river crosses the territories of 10 countries with different cultures, political systems and sometimes contradictory interests and policies. The tasks of environment character impede the implementation of many infrastructure projects needed for the regulation of the river stream. The level of bulk cargo transportation developed quickly up to 1987, but the collapse industry in the former socialist countries and military actions in Yugoslavia resulted in the decrease of transported goods by 4 times. Afterwards the growing volumes of transported goods, trade development in Central and Eastern Europe determined the potential of the river conditioned by the launch in 2005 of container shipping.

The activities of the Danube countries of TRACECA will be directed towards the evolution of ports into logistical and industrial hubs with improved intermodal communications. The realizable policy should lead to additional activity and increased traffic to the ports provided that forwarding agencies and transport companies will be duly and timely involved in large infrastructure investment projects. In this segment TRACECA countries have to implement the provisions of the EU Strategy with respect to the Danube region (EUSDR).

Reducing transport expenses of the littoral zone, orientation towards multimodal market shares, efforts on providing services of similar level and volume like those provided by modern maritime ports, efficient marketing and application of up-to-date technologies and innovations are the TRACECA objectives in the Danube basin.

In the forthcoming period TRACECA countries will proceed with taking actions on exploiting the full potential of **air transport**. In particular, the countries should carry out and continue legal reforms on ensuring free access to air traffic, restructuring of ownership by attracting private capital to traffic and operational overland activity.

TRACECA countries will along the whole territory of the corridor have to apply the "Open Skies" practice by ensuring fair competition and providing a package of services of higher quality for consumers.

Separation of functions of airports regulation and management should be applied in all TRACECA countries. Along with legal changes concerning PPP, transparent financing mechanisms these actions will have a positive influence on investments' attraction into infrastructure.

The existing international and European technical requirements regarding air traffic safety should be applied in national legislations of the TRACECA countries, thereby encouraging safety improvement, preserving the environment and meeting social needs of the region.

Logistics, multimodal transport and connections between the corridor network and the hinterland in the TRACECA region are conditioned by the existing or developing infrastructure, including the location of main logistic centres designed for the development of intermodal logistic chains and attractiveness of the TRACECA corridor.

Main spheres of actions in this aspect are reflected in *Appendix 7 Connections with the hinterland, multi-modal and logistical possibilities*. The efficient instrument for evaluation of cost-effectiveness of logistic centres projects ensuring the continuity of traffic is the Multi-criteria Analysis (Appendix 8).

This segment needs the development of institutional and legal conditions required for support of private sector investments, logistics functioning and multimodal sites. Further development of this component depends on the integration of the TRACECA member states into the world economy, improvement of specialized logistics, rendering world-class services which will promote the development of the regional economy.

TRACECA countries will exert efforts to establish logistic centres, connected to at least two modes of transport. Such method will allow of reducing handling operations, and, thereby, increasing security and safety, mitigating damages and losses, as well as ensuring faster delivery of goods. Cutting expenses in intermodal transport chain is a key advantage in intercontinental transportation.

Intermodal freight transport supposes the use of intermodal containers or trucks / swap bodies and the use of several modes of transport (railway, maritime, barges and road) without necessary handling of cargo in modal shift. Internal intermodal terminals have to (partially or fully) execute functions of dry ports. Such approach will allow of avoiding additional handling operations and achieving the economy in view of volumes and possibilities to combine activities in the field of collection and /or final distribution of goods. Location of various logistic operators near handling facilities at terminals will make it possible to provide the required mass of freight flows completion. Such approach provides the optimization of the traffic process at the expense of decreasing the share of transportation and handling while reducing or avoiding border crossing procedures and other checks. Such concentration will also create favourable conditions for placement of service providers and specialized companies in logistic centres.

Creation of efficient internal terminals / dry ports / logistic centres represents large-scale projects in the sphere of fixed capital with participation of relevant private and public sectors. TRACECA countries will have to ensure the creation of relevant framework conditions and to promote the development of this kind of logistical infrastructure at the political level. Particularly state participation is of great importance for creation of free and equal access of all market players to intermodal facilities.

Earlier within the framework of two completed technical assistance projects there were prepared Technical Feasibility Studies for 11 international logistical centres reflected in *Appendix 9 Review of pilot projects*. The TRACECA countries should make a decision and include the proposed projects in their national transport strategies.

TRACECA countries will make notable efforts in order to implement technical recommendations presented in the Master Plan within the framework of the following theme issues:

- Institutional-legal barriers in transport and in international trade;

- Motorways of the Sea, railway ferries and sea routes;
- Railway sector;
- Road sector;
- Inland waterways;
- Connections to the hinterland, multimodal and logistic opportunities

With the view of ensuring consistency in the implementation of recommendations of the Master Plan there will be adopted country road maps, individual measures and segments to be included where necessary into the national transport development programmes.

The countries recognize as necessary that in order to implement a Master Plan various measures should be used beyond their powers. In this case the countries will use as far as possible the potential of technical assistance; twinning projects on the exchange of experience; platforms for information exchange (TAIEX, round tables, etc.), as well as reinforcement of human resources and capacity training opportunities.

At the same time the countries identify the need of technical assistance of the European Union expressed as the implementation of a coordination project specialized in rendering assistance for the implementation of a Master Plan within regional aspect and support of measures of the Intergovernmental Commission and Permanent Secretariat targeted at the implementation of the Master Plan.

For the efficiency of the Strategy and the Master Plan realization the Intergovernmental Commission TRACECA will carry out monitoring of the countries' actions and measures within the framework of its annual meetings.

The Permanent Secretariat of the IGC TRACECA will ensure a constructive dialogue with the European Commission with the view of achieving the best possible results in promoting the Strategy of the Intergovernmental Commission TRACECA for development of the international transport corridor Europe-the Caucasus-Asia for 2016-2016 and the TRACECA Master Plan.