

DEVELOPMENT OF COOPERATION IN THE TRANSIT- TRANSPORT DOMAIN AMONG MEMBER STATES OF THE ECONOMIC COOPERATION ORGANIZATION

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This article delves into the critical role of transit and transport infrastructure in international trade, underlining its significance for economic growth and regional integration. The impact of transit and transport on trade and economic relations is multi-faceted, enhancing market access, logistical efficiency, and regional cooperation, consequently fostering economic development, job creation, and improved living standards.

Despite recognizing the importance of transit and transport infrastructure, challenges persist, especially in developing regions. The article investigates the obstacles faced by member states of the Economic Cooperation Organization (ECO), focusing on Kazakhstan as a pivotal player in the realm of transport and transit infrastructure. The study explores potential pathways for enhanced collaboration among ECO member countries, spanning investment in infrastructure, harmonization of regulations, regional transport corridors, multimodal transportation, and public-private partnerships.

Thus, investing in transport infrastructure emerges as a fundamental component for promoting economic development and integration among ECO member states. While challenges such as limited funding persist, there exists a wealth of prospects for cooperative efforts to overcome these hurdles and enhance connectivity within the region. This article underscores the urgency of prioritizing transit and transport infrastructure to advance economic growth and integration in the ECO region.

Keywords: ECO, transport and transit, infrastructure, economic development

1. Introduction

Transport and transit infrastructure are critical components of international trade, connecting producers, consumers, and markets around the world. A well-developed transportation system is especially important for countries that rely on international trade for economic growth. Transit and transportation systems facilitate the movement of goods and services, allowing businesses to enter new markets and expand their operations.

The importance of transit and transport for trade and economic relations cannot be overestimated. In addition to improved access to markets and more efficient movement of goods and services, transit and transportation infrastructure also plays a crucial role in facilitating regional integration and cooperation. Better communications can open up new opportunities for trade and economic development, job creation and improved living standards.

In recent years, many countries have recognized the importance of transit and transportation infrastructure to promote economic growth and have invested heavily in this area. However, there are still challenges, especially in developing regions, where transportation infrastructure may be inadequate or insufficient.

This article will examine the importance of transit and transport for trade and economic relations, and consider the problems encountered in transit and transportation in ECO member states. In particular, the example of Kazakhstan as an important ECO player in transport and transit infrastructure will be considered. At the end, opportunities for further transit and transport cooperation among ECO member countries will be suggested, as well as their potential impact on the trade and economic component.

2. Importance of transit and transport for trade and economic relations

Efficient transit and transport infrastructure is crucial to promoting economic development and trade between countries. Transport infrastructure includes physical infrastructure such as roads, railroads, ports, and airports, as well as logistics networks that connect different modes of transportation and facilitate the movement of goods from one place to another.

Transport and transit infrastructure is of particular importance for countries that are members of a regional economic organization such as the Economic Cooperation Organization (ECO). Better connectivity and infrastructure in the region can stimulate intra-regional trade, cross-border investment, and promote economic integration. Efficient transportation networks can also help unleash the economic potential of landlocked countries, allowing them to access global markets and participate more fully in regional economic cooperation.

But transport infrastructure can pose problems, especially for developing and landlocked countries. Inefficient transport infrastructure can lead to high transport costs, longer transit times, and logistical problems that can limit a country's ability to participate in global trade and attract foreign investment. Improved transport infrastructure and logistics networks can help overcome these challenges and promote economic development.

3. Challenges encountered in transit and transportation in ECO member states

ECO member countries face a number of challenges when it comes to transit and

transport infrastructure. These problems can hinder economic development, trade, and investment in the region.

Many ECO member states do not have a sufficiently developed transport infrastructure, especially in rural and remote areas. Poor infrastructure can lead to higher transportation costs, longer transit times, and logistical problems that can limit a country's ability to engage in trade and attract foreign investment.

Moreover, limited investment in transport infrastructure is a serious issue facing many ECO member countries. This may be due to budgetary constraints, lack of foreign investment and political instability, among other factors.

Regulatory barriers such as customs procedures, tariffs, and non-tariff barriers can also create problems for transit and transport in the ECO region. These barriers can increase transportation costs and create logistical problems for businesses engaged in cross-border trade.

There are other security problems, such as terrorism, piracy, and theft, among others. These threats can limit the movement of goods and services, increase transportation costs, and create additional logistical challenges.

4. Kazakhstan and the ECO

Kazakhstan is a key player in transit and transport in the ECO member states. One of the main advantages of Kazakhstan in transit and transport is its geographical location at the crossroads of Europe and Asia. As a result, Kazakhstan is a major center of transit trade, with overland routes connecting China and Europe passing through its territory.

In addition to its strategic position, Kazakhstan is developing its transport infrastructure, including roads, railroads, ports and airports. This infrastructure played a decisive role in facilitating the movement of goods and people within the country and throughout the region. Kazakhstan regularly undertakes various initiatives to improve connectivity in the region, such as the construction of the international transit corridor Western Europe-Western China, which is the main transport route connecting Europe and Asia.

Furthermore, Kazakhstan is demonstrating a commitment to further improving its transport infrastructure and increasing connectivity in the region. In recent years, the country has announced plans to develop several transportation projects, including the Kazakhstan-Turkmenistan-Iran railroad, which would provide a direct rail link between Central Asia and the Persian Gulf. Kazakhstan has also signed a number of agreements with other ECO member states aimed at improving transport connectivity, such as a trilateral agreement with Turkmenistan and Iran to develop a new transit transport corridor (Kazakhstan, Iran & Turkmenistan, 2021).

Moreover, on December 30, 2022 the government approved the Concept of Development of Transport and Logistics Potential of the Republic of Kazakhstan. Its goal is to improve the quality of people's lives and support the country's economic and social growth by maximizing potential in the transportation and transit sector. The primary task is to bring all international roads (13 thousand km) and national roads (24.5 thousand km) in normative and technical condition. As for the key transport infrastructure, according to international standards, they will be provided with a 4G mobile communications network. It is also planned to reduce the average time to pass freight checkpoints and optimize the

quality of public transport in the country's densely populated cities (Government of the Republic of Kazakhstan, 2017).

The transport potential of Kazakhstan and the region as a whole is quite large. For example, the average shipping time by sea is 30-35 days, while the travel time using the potential of Western Europe-Western China transport corridor, according to approximate calculations, will be only 10-12 days (In six days, 2019). Based on the statistics collected, the volume of freight traffic along this transport corridor was 1.5 million tons of cargo in 2022, which is 2.5 times higher than in the same period in 2021. Kazakhstan's share of cargo was 891 thousand tons, which is 6.5 times higher than in 2021. In addition, the volume of container shipments increased by 33% in 2022 and amounted to 33.6 thousand TEUs (twenty-foot equivalent units) (Trans-Caspian Transport Route, 2023).

The issue of opening a third border crossing between Kazakhstan and China and construction of a new railway line Bakhty-Ayagoz, whose costs will be covered by the Eurasian Development Bank (80%) and Kazakhstan Temir Zholy (20%), is also under consideration (The EDB Technical, 2023). There is also an agreement between Kazakhstan and Uzbekistan to accelerate the construction of the 106-kilometer Darbaza-Maktaaral railroad with subsequent access to the Syrdarya station (Kazakhstan and Uzbekistan, 2023).

The volume of cargo transshipment through seaports of Kazakhstan increased significantly from January to September 2022. According to the Ministry of Industry and Infrastructure Development of Kazakhstan, about 1.38 million tons of cargo was transshipped through the sea ports of Aktau and Kuryk during this period, which is 2.4 times more (against 565 thousand tons for nine months of last year). Meanwhile, container shipments increased by 54 percent to 27,399 TEUs (up from 17,833 TEUs from January to September 2021) (Ishekenova, 2022).

Moreover, the "Middle Corridor" or "Trans-Caspian Route" project plays a huge role in the development of the transport and logistics complex. The Trans-Caspian International Transport Route (TITR) is a transport corridor that connects China and Europe through Kazakhstan, the Caspian Sea, Azerbaijan, and Georgia. The route is a key part of the modern Silk Road and provides a shorter and more efficient trade route than traditional sea routes.

TITR can significantly increase trade and economic cooperation among member states of the Economic Cooperation Organization (ECO) by reducing the time and cost of transportation. Kazakhstan is a key player in the development of the TITR. The country's strategic location at the crossroads of major trade routes between Asia and Europe makes it an important transit hub for the TITR. The country has invested heavily in developing its transport infrastructure to support the TITR.

To date, the potential for transportation of only Kazakhstani cargo along this corridor is estimated at more than 4 million tons per year. In view of changes in international supply chains, logistics operators can also reorient their volumes to this route (The potential for, 2022). In this regard, this regional project is a key chain in the development of a new vector of the international supply chain.

5. Opportunities for further transit and transport cooperation among ECO member states

Despite the challenges that ECO member states face when it comes to transit and transport infrastructure, there are also opportunities for further cooperation in the region.

Investments in transport infrastructure are one of the most significant opportunities for further cooperation. This could include building new infrastructure, upgrading existing infrastructure, and improving connectivity between countries in the region. Infrastructure investments can help reduce transportation costs, shorten transit times and improve economic competitiveness by making it easier for countries to participate in trade and attract foreign investment.

Harmonization of rules concerning transit and transport can also facilitate further cooperation in the ECO region. This could include the optimization of customs procedures, reduction of tariffs and non-tariff barriers, and better coordination between transport authorities of different countries. By reducing regulatory barriers, it will be easier for businesses to engage in cross-border trade and investment, which will further promote economic integration in the region.

Regional transport corridors are networks of transport infrastructure linking different countries within a region. By developing these corridors, countries in the ECO region can improve connectivity and reduce transportation costs, making it easier for businesses to participate in cross-border trade and investment.

Multimodal transportation refers to the use of multiple modes of transport, such as rail, road, and sea, to transport goods and services. By facilitating multimodal transportation in the ECO region, countries can improve connectivity and reduce transportation costs, making it easier for businesses to participate in cross-border trade and investment.

Finally, public-private partnerships can also play an important role in facilitating further cooperation in the ECO region. Public-private partnerships involve cooperation between public and private entities to invest in transport infrastructure. When working together, governments and private sector organizations can pool their resources and expertise to address the challenges facing the region and promote economic development, trade and investment in the region.

Thus, infrastructure investment, harmonization of regulations, development of regional transport corridors, promotion of multimodal transport and public-private partnerships are among the key opportunities for further transit and transport cooperation among ECO member countries. Taking advantage of these opportunities will be critical to promoting economic development, trade and investment in the region.

6. Potential impact on trade and economic relations

The development of transport infrastructure in the ECO member countries has enormous potential and a significant impact on trade and economic relations between these countries. For example, improvements in transport infrastructure can lead to increased trade among ECO member states. When the transport infrastructure is efficient and well connected, it becomes easier and cheaper for businesses to transport goods and services across borders. As a result, businesses may be more willing to trade across borders, resulting in more trade. Moreover, by improving connectivity and reducing transportation costs, businesses can more easily access new markets and customers in the region. This can result in more opportunities for cross-border trade and investment.

In turn, countries with a well-developed transport infrastructure can be more competitive in world markets. Improved infrastructure can help reduce transportation costs, making goods and services more affordable and competitive in international markets. It can

also help attract foreign direct investment and support economic growth and create a more favorable environment for cross-border trade and investment.

Thus, the development of transit and transport infrastructure can increase trade volumes, improve access to markets, increase competitiveness, and promote closer regional cooperation among ECO member states. As a result, investment in transport infrastructure should be seen as a key component of efforts to promote economic development, trade and investment in the region.

7. Conclusion

In conclusion, it is worth noting that the transit and transport infrastructure is a crucial factor in the formation of trade and economic relations between ECO member states. Infrastructure improvements can increase trade, improve access to markets, increase competitiveness, and foster regional cooperation. While there are serious challenges with the development of efficient and effective transport infrastructure in the region, there are also many opportunities for greater cooperation and better policies to ensure greater connectivity and integration.

One of the main problems in improving transport infrastructure in ECO member countries is a lack of investment and financing. Many countries in the region lack the financial resources to invest in large-scale infrastructure projects, which can limit progress toward greater interconnectivity and integration.

At the same time, there are many opportunities for further cooperation and progress in improving transit and transport infrastructure in ECO member countries. For example, development of regional transport corridors can improve connectivity and reduce transport costs, and adoption of common standards and regulations can facilitate cross-border trade and investment.

To achieve these results, ECO member states must work together to develop comprehensive transportation policies and strategies, increase investment in infrastructure, and harmonize policies and regulations. Through these efforts, ECO member countries can create a more integrated and connected region by supporting economic development, trade and investment in the region. In general, development of transit and transport infrastructure should be a key priority for ECO member states seeking to promote economic growth and integration in the region.

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