

Turkish Transport News

# INTERMODAL

Combined Transport and Logistics Systems Magazine

Issue 30

## **TURKISH INFRASTRUCTURE ATTRACTS**

**MODERNIZATION WORKS AT  
TURKISH BORDER GATES**

**BREXIT ON THE AGENDA OF  
INTERNATIONAL CIRCLES**



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## LOGISTICS OF NEW GENERATION

*The ones that support global economy when talking about selling immediately become nationalists when it comes to buying. Let all the world become a giant open market and everybody buy my good... This is what the ones who have the power of production want in brief. When technology is not sufficient, then the regulations and beyond them the politics appear on the stage. Competitive goods and/or better prices guarantee and maintain a good market position. If this is exceeded, then the new communication technologies*

*step in and take over the consumer brains. Today there are around 60 countries putting up walls on their borders. But the digitally supported communication technology overcomes the walls. Especially three things can be mapped today. One of them is the worldview and personal preferences, the second is environment and social relations and the third is the consumption habits. When these are defined and managed, the border walls are replaced with the virtual walls of the technology.*

*The capability to manage the consumer preferences ensures physical carrying out of the trade in the virtual media with the support of the logistics. This is not only limited to reaching out the masses by using various electronic devices and utilization of the digital infrastructure. The digital infrastructure and communication technology are not only utilized for the marketing, sales and payment systems but also for creation and use of brand new transport vehicles with custom-made software for trade activities. Drones take the stage exactly at this moment. The high populations in cities, decrease in the size of families and increase in the number of people living alone and consumer habits which can be mapped thanks to the developing communication technologies bring about personal solutions. The size of orders decreases and the delivery times do not just shorten; immediate deliveries are now an agenda item. Payments also can be made with an eye contact instead of cash, debit cards...*

*When it comes of personal logistics requirements, micro scale solutions can be created even though they are not used extensively. However, when it comes to the logistics needs of the industry, the scales become larger due to the nature of the work. Despite this, it is possible to utilize the same mind and experience... The main expectations of the industry from the logistics are to ensure that the wheels never stop turning and this should be achieved in the most affordable way.*

*The logistics satisfies the changing requests of the new generation industry and trade and creates solutions faster than all other sectors generating goods and services to each other. The industry and trade take some of its strength from the logistics sector which is demanded of new and useful solutions in every platform and is set as target under any condition.*

*The vast range of the logistics, supply chain management, transport and intralogistics solutions can be understood if the panels, conferences and exhibitions being the business platforms used to voice, display and discuss innovations, different solutions and alternatives are examined. Talked over in details on every one these platforms, the logistics sector mostly comes out from these platforms smelling of roses.■*

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**Alışan****AYSBERG**  
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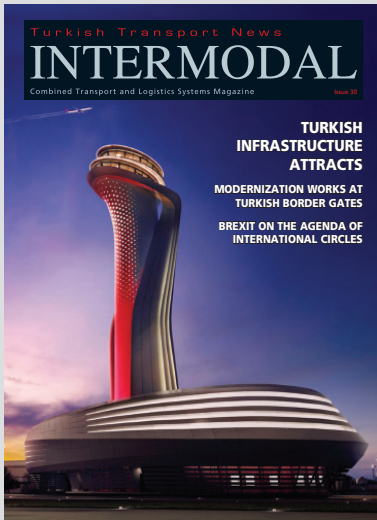
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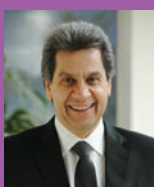
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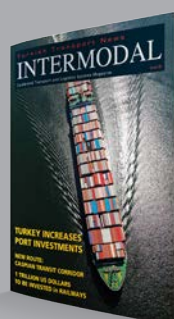
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## TURKEY TO BECOME TRADE ROUTE OF FUTURE

**M. Cahit TURHAN**

*Minister of Transport and Infrastructure of Republic of Turkey*



► The transport sector is one of the most fundamental driving forces of the economic development and is one of the most crucial service sectors that contribute to the improvement of public wealth. The Ministry of Transport and Infrastructure is well aware of this and carries out works and realizes projects with this awareness in mind. Improving the service quality more and more every year, the Ministry shows necessary efforts and determination to improve Turkey and Turkish people and achieves the goals set for the 100th anniversary of the Turkish Republic. It ensures that Turkey now can utilize the advantages provided by its geographical location. Thanks to its closeness to global markets and low production and labor costs, Turkey has great opportunities in the fields of logistics and transport. It is well known that Turkey is especially experienced in the international transport field. However, I would like to emphasize that the next period will be that of the regions including Turkey in terms of trade. We believe that the region extending from Anatolia to Caucasia, Central Asia and even to the western part of China will be of greater importance and a top agenda item in terms of transport, trade and even tourism. The One Belt One Road Project initiated by China plays the major role in this projection. Therefore, we strive to do our best to turn Turkey into an international corridor for all transport modes for transports between Asian, European, Northern Africa, the Middle East, Caucasian and Northern Black Sea regions.

I would like to underline that our efforts in this respect has played a major part in the economic achievements of Turkey in the last 16 years.

During these years, we have increased the length of divided roads from 6 thousand and 100 kilometers to 26 thousand and 600 kilometers. We have connected 76 provinces with each other with divided roads, thus increasing this number from 6 to 76. We have completed large global road projects such as Yavuz Sultan Selim and Osmangazi Bridges and Eurasia Tunnel and opened them to the service of the entire world. We have turned Turkey into the 6th High-Speed Train Operator in Europe and 8th in the world. Thanks to Baku-Tbilisi-Kars Project and Marmaray -a dream of 1.5 centuries old-, we have turned into reality the dream of Silk Road Railway extending from the Central Asia and Western Europe and Beijing to London. We have placed the Turkish marine trade fleet among the top 17 countries in the world. We have 174 port facilities where the international ships can call at. We have also set as a goal the construction of a large port in each sea surrounding Turkey. The infrastructure works of the Northern Aegean/Çandarlı port superstructure in the Aegean Sea have been completed and actions to realize it with the Build-Operate-Transfer model are currently ongoing. The construction of Filyos Port has been started. We have offered the airline transportation to the service of the public. In 2002, domestic flights were available from 2 hubs to 25 destinations. Today the domestic network

offers flights to 56 destinations from 7 hubs. The move to the İstanbul Airport has been completed in the early April. We continue to work on ongoing transport and infrastructure projects and also add new projects to the existing ones in line with our aim to contribute to the improvement of the competitiveness of Turkey and the life quality of the society and provide the best services to our citizens. Working in line with the requests of our citizens, we will initiate the Three-Floor Large İstanbul Tunnel Project which will combine Marmaray and Eurasia Tunnel. After the completion of the test project, we plan to organize a tender with the Build-Operate-Transfer Model. In order to satisfy the demand to increase with the One Belt One Road Project, we have started to build logistics villages which will have all the transport modes and will provide all the services needed by the logistics sector. Out of 21 logistics centers, 9 are now operational and the construction of 5 is currently ongoing. We have also started the large scale port investments needed by Turkey for these logistics centers. I wholeheartedly believe that all the investments we have made in the transport infrastructure and intermodal transport will turn Turkey into an effective logistics hub, thanks to its position on the junction point of the East-West and North-South goods flow with a potential of 2 trillion US dollars. The "Central Corridor" to start from China and connect the Central Asia and the Caspian region to Europe via Turkey will make Turkey the trade line of future. ■

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# SGS

## MORE EXPORTS WILL BE POSSIBLE WITH A STRONGER LOGISTICS SECTOR

**Şekib AVDAGIÇ**  
President



► Some sectors act as the indicator of economic growth since they undertake the burden of achieving this growth. Logistics is one of these sectors, reflecting the Turkish economy. The growth and development of this sector is especially dependent on the growth of the industry and trade sectors. Looking at the logistics sector from this perspective, we see that the efforts to increase the works regarding new foreign trade routes and to institutionalize have continued in 2018.

Despite these efforts, the sector faces some problems, as well. The main problems of the sector are the problems in the Middle East, the failure to increase foreign trades, the increase in costs due to inefficiency, the low profitability caused by this and the lack of international and national integrated combined transport infrastructure.

I would like to especially emphasize inefficiency since it directly affects the country economy. The researches and analyses in the sector reveal that the main reasons behind inefficiency is the 'unrecorded economy, insufficient infrastructure, small scale and non-institutionalized companies'.

Logistics does not only refer to the transports. Today the logistics is intertwined with many complementary fields such as warehousing, customs clearance, insurance, packaging and value added services, order and inventory management, inspection and supervision activities. This means that in order to become a global logistics expert instead of a mere truck or trailer shipper and to be a global name in the world, all

these fields should "run like clockwork".

Turkey can only utilize its advantage of being at the junction point of the Asian, African and European continents and being surrounded by seas from three sides when this is achieved. This will ensure that Turkey is one of the best logistics hub not only in its region but also in the world. According to the Turkish Statistical Institute (TurkStat) data, the Turkish logistics sector constitutes around 12 percent of the Gross Domestic Product as of 2017. This amounts to around 372 billion Turkish liras. The half of this amount is earned by the logistics sector and the other half by the own means of the production-trade companies.

The attacks against Turkey over the exchange rate since August 2018 and the adverse developments in the global economy have, of course, affected the sector significantly. The import transports have significantly decreased with the drop in the imports by Turkey, which in turn increased the fees of export transports. This is because the vehicles transporting goods to abroad have faced low amounts of return goods. Therefore, the logistics sector experienced a significant income loss as of the end of 2018. The "Logistics Performance Index (LPI) 2018" report focusing on the logistics performance of 160 countries has been published by the World Bank. According to the report, Turkey is ranked as the 47th with a score of 3.15 percent. This is not what the Turkish logistics sector truly deserves. Both the Turkish logistics sector and the Turkish government should take necessary precautions to develop the sector as fast as possible.

Istanbul Chamber of Commerce representing 410 thousand merchants operating in İstanbul closely monitors the developments and problems in the logistics sector. The Transport and Logistics Expert Committee of the Chamber generates serious policies thanks to the experts from the sector and the academic world. The Chamber aims for top ranks in the logistics performance index. To assure this, the Chamber works in close cooperation with the sector and the Government. The Chamber also cooperates with the universities. Joint studies are conducted with the related departments of the universities in order to develop the transport connections with the logistics regions and the production regions and achieve a more effective transport network between ports and logistics regions.

In conclusion, Turkey can only make more exports and produce and sell more if she has a stronger logistics sector. Therefore, the sector should be freed of the bureaucracy and the needs of the sector should be satisfied under the legislation. The logistics sector should also be of attraction in terms of qualified labor force. The foreign trade transactions should be made easier and precautions should be taken to minimize their costs. But the most important of all, the intermodal transport on the Northern-Southern and Eastern-Western corridors should be improved. Only this will guarantee the most desired growth in the sector. If we do our best to achieve this, I am sure that the logistics sector will overcome the bad days and achieve a strong increase trend. ■

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## **BELT & ROAD INITIATIVE - A NEW BUSINESS CASE FOR TURKISH PRIVATE SECTOR**

**Nail OLPAK**  
President



► The Belt and Road Initiative (BRI) is a 20-year plan proposed by Chinese President Xi Jinping in 2013 and has the potential to reshape global trade and business practice. While 'Belt' aims to connect Chinese trade and production to Europe through Central Asia by land, the 'Road' will improve Chinese maritime trade to Africa, the Middle East and Europe through South East Asia. In a period of increasing trade protectionism, BRI is gaining momentum at just the right moment for global business connectivity. Economic scale of the BRI is exemplified by around 4.4 billion people (almost 70 per cent of the world population) and the cumulative gross domestic product (GDP) of around \$ 21 trillion. If truly realized after trillions of China-led investments, will be a corridor of global prosperity and cooperation through enhancing monetary circulation, improving connectivity, promoting trade, stepping up policy communication, increasing understanding between peoples. While the traditional Silk Road was primarily a route for trading goods and cultural and technological exchange, BRI refers to linkages in policies, infrastructure, trade, finance and people.

### **Business Potential of BRI**

BRI will bring great opportunities for global business.

First, the Belt and Road will be new sourcing and selling opportunity. The emerging South and Southeast Asian countries along the Road are potentially

vast consumer markets for global business. The numeric analysis tells us that the opportunities within Asia and the Pacific are greater than those in Europe and North America combined. Last year, China announced to import \$8 trillion of goods and attract \$600 billion of foreign investment in the next five years.

Second, there is huge need for infrastructure and financing along the belt. Asia needs to invest trillions of dollars in infrastructure in order to maintain current levels of economic growth. In this context, smart new generation solutions are needed to address this challenge. Public private partnership (PPP) models in infrastructure development, hybrid financing modeling and securitization of bankable infrastructure projects are very crucial.

Opportunities for Turkish Private Sector Turkey has potential to be one of the main actors as well as the main beneficiaries of further integration. As the home of the largest free market economy between Italy and China, Turkey and its private sector are now in a position to do carry out business between Asia, the center of global growth, and the Euro Zone, the largest single market.

Turkey needs to partake in the BRI in order to utilize its economic and political opportunities. Although Turkey is a relative newcomer to the Asia-Pacific region, it has succeeded in rapidly

expanding its regional footprint in a remarkably short period of time. Mega projects completed by Turkey such as Marmaray, the Yavuz Sultan Selim Bridge, the Eurasia Tunnel, Istanbul's new airport and the 1915 Çanakkale Bridge, Baku-Tbilisi-Kars Railway are important links on the BRI and main components of the Middle Corridor. Turkey is the founding member of China-led Asian Infrastructure Investment Bank (AIIB) and AIIB already approved up to \$800 million in financing to date for two projects: The TSKB Sustainable Energy and Infrastructure On-lending Facility and the Tuz Gölü Gas Storage Expansion Project. According to the numeric analysis, better economic integration in BRI markets will increase Turkey's benefits. Turkey might have the chance to diversify its export markets, lowering its economic dependency to EU while improving its connectivity to fast growing markets. The Silk Road once again set to flourish as a global route for goods, cultures and ideas. And Turkey has the potential to be a major player in this process. Such a process will allow Turkey to upgrade its global position and showcase itself as a geo-economically important actor as well as geo-politically. With its bilateral business councils with the BRI countries, Foreign Economic Relations Board of Turkey (DEİK) will continue to support business connection of Turkish private sector along the BRI. ■



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# THE ROLE OF INTERMODAL FREIGHT TRANSPORT IN THE TURKISH TRANSPORTATION INDUSTRY

**Çetin NUHOĞLU**  
Chairman



► Turkey is a leading country amongst those actively utilizing land route in the international freight. Turkish land freight fleet is reaching out to 70 countries directly and transporting commercial goods worth of approximately 50 billion dollars. European countries are topping the list in Turkey's total exports, and consequently European countries constitute the greater share of the land freight transportations. Turkish freight companies are also effectively opting for Ro-Ro freights along with the land freight destined for Europe, in other words, four out of ten consignors utilize Ro-Ro shipping. Vehicles arriving at various ports in Turkey head to Italy or France with Ro-Ro shipping and steer to other countries by road or railway. The rate of foreign vehicles utilizing Ro-Ro shipping is only 4%. This indicates that the road transportation which is more advantageous in terms of time and cost when compared to that of Ro-Ro shipping is not being preferred by foreign carriers which do not have a quota problem. Turkish carriers facing the quota issue in Europe are forced to use Ro-Ro freight. Turkish companies have a disadvantage of 1,000 Euros compared to that of the carriers of the neighboring countries. These differences are originated by non-tariff barriers which we call equivalent effect charges and equivalent effect measures. It is obvious that the trade between Turkey and Europe shall pick up the pace following the elimination of barriers impeding the trade.

The trade with Germany, which constitutes the greatest portion in the trade shares of Turkey, is maintaining the growth trend each year. Figures in 2018 reflect that the volume of the trade with Germany reached 36 billion dollars in mutual terms. In 2005, the trade volume between the two countries was around 23 billion dollars. The trade has grown by 13 billion US dollars in 13 years. However, the rate of increase in the last 5 years is fluctuating around 35 billion dollars. Time wasting and cost increasing practices such as visas, transit issues and tolls have a great influence amongst the underlying reasons. The exports from Turkey to Germany consist of 90 percent of industrial products and 10 percent of agricultural and food products. This mode of trade influences the investments of both countries. Today, many German companies are conducting business as exporters in Turkey and executing exports to a number of countries including Germany. Since 2010, 5.5 billion US dollar-worth of total investment inflow from Germany to Turkey has been made. The amount of investments made in Germany by Turkey grossed almost 1.5 billion US dollars in the same period. It can be observed that the German companies have invested in the service and manufacturing industries. The impediments of quota and visa imposed on Turkish carriers in Europe in fact affect companies located in Europe, as well. Companies with their manufacturing located in Turkey are forced to deal with vicissitudes brought about by their own

countries. This constitutes a problem for the trade and prevents its growth. Turkey is taking measures to improve the transportation infrastructure. Intermodal freight transport provides great opportunities for Turkey. Significant developments in the land, maritime and railroad transportation which may ensure Turkey to position itself as a logistics center and base are emerging. The OBOR project to become one of the main arteries of the trade between East and West is one of these developments and has its mid-belt passing through Turkey. A train setting off from China will be able to reach Europe uninterruptedly by passing the Bosphorus via Marmaray. With the completion of the North-South highway throughout 2019, the connections of the railways with the ports will be established. Establishment of land route between the Black Sea and the Mediterranean Regions will constitute a new alternative in the trade between the East and West, as well. Combined transport agreements are being signed with countries with which we have commercial relations at high levels, particularly the neighboring countries, by the Ministry of Transportation and Infrastructure with the aim of improving the infrastructure and facilitating the procedures at specific transit locations and developing international and trade and transportation, and endeavors to establish land-maritime (Ro-Ro, Maritime routes), land-railroad (Ro-La) intermodal freight transport lines with these agreements are underway. ■

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## LOGISTICS AS SERVICE EXPORT

**Emre ELDENER**  
President



► Service exports are becoming more important every year in Turkey as in the rest of the world. Service exports account for a considerable part of the country economy in Turkey. When we examine the service exports in particular, we see that the logistics industry is ranked the second after tourism. This figure represents 12 percent of GDP. This shows us that the logistics industry is a must for Turkish economy. When we look at the percentages, an examination of the modes of transport in 2018 in terms of freight reveals that carriage by the sea, air, road and rail modes accounts for 65, 12, 22 and 1 percent, respectively. In terms of tonnage, on the other hand, transport by the sea, air, road and rail modes accounts for 89, 9, 1, and 1 percent, respectively.

When total container handling of imports and exports are concerned, a considerable drop by TEU was experienced compared to the previous year. While an increase of above 60% was seen in the 10-year period from 2007 to 2017, a decline that approaches the values in 2015 was experienced if also the figures of the last two months of 2018 are added. The most important reason for this is the decline in imports. Imports by the sea route were also affected from the decline. We see that the containers handled in the Turkish ports constitute 24 percent of exports, 48 percent of imports, 15 percent of transit trade, and 13 percent of coasting trade. Thanks to her geographical location and port infrastructures, Turkey has the potential to drive container numbers higher particularly in transit carriage. Through simplifications in customs processes, Turkish ports can be used as important transshipment ports in international carriages between third countries. This is particularly important considering the fact that the sea route of the China-led One Belt One Road project is largely based on sea transport from eastern Mediterranean ports.

In terms of railways, Turkey appears to have an important potential, and is improving her infrastructure every day. However, we know that there is a long way to be covered yet. We particularly deem it useful to underline the fact that the public authority has an important duty in this respect. Yet, intermodal transportation which has become a preferred mode of transport in the whole world due to energy and fuel efficiency needs to be promoted also in Turkey. With the completion of Baku - Tbilisi - Kars railway, Turkey's importance will become more prominent in Chinese and European transportation once again.

When road transportation is concerned, foreign vehicles were used in 22 and 34 percent of the transportation of imports and exports, respectively, in 2018. We see that vehicles with foreign license plates have a significant share in Turkish road transportation. In particular, the truck queues at Kapikule gate have a negative effect in transports to EU countries. However, we hope that this problem will be solved in near future with the initiative of the government and NGOs. Several steps and precautions are already taken by the public authorities in order to improve the current situation in Kapikule.

The airway transportation is one of the modes of transport which has the highest share after seaway. According to IATA statistics, each day 17.5 billion US dollars of goods travel by air, 3.5% of the global economy relies on aviation, 63 million livelihoods are supported by air transport, over 4.3 billion passengers will fly this year, aviation will cut its net carbon emissions 50% by 2050. According to the International Airport Council (ACI) Airport Hub Connection Report, Atatürk Airport ranks 7th among the top 20 airports in the world by 4.8% compared to the previous year. There is mobility in the airline sector due to the new airport opened in İstanbul. The

moving processes completed from Atatürk Airport to İstanbul by airport agencies. According to this move, all passengers and cargo transportation will be held from İstanbul Airport. İstanbul Airport has a capacity of 500 aircrafts with 6 runways. This airport will be the biggest in the world with the 2.000 landing and liftoff. There are 3 different terminal buildings in İstanbul Airport, where the transportation between them is carried out by rail system. The airport has a ramp of 4.5 million square meters.

The World Bank has been measuring the logistic performance of the countries in the framework of 6 different criteria and scoring countries under the name of International Logistics Performance Index since 2007. These criteria are customs, infrastructure, international shipment, quality of logistics services, tracking of shipments and finally delivery of shipments on time. Turkey received 47 points within 160 countries of Logistics Performance Index in 2018. There is a decrease compared to the previous years. In order to increase this point, it is necessary to change the risk analysis criteria, to develop automation systems and to make arrangements in the education system.

As a result of UTİKAD's work for all modes of transport, we continue to work with relevant institutions. We are looking for solutions to the problems in customs warehouses and customs problems. UTİKAD focuses on visa applications problems. Visa processes are getting difficult and this processes taking up to 20 – 25 working days to be concluded. These working days must be reduced. Another focusing point is that Freight Forwarders Authorization License. This license will enter into force July 1st, 2019. All modes of transportation will use one license for transportation. This license's fee is 150.000 Turkish liras and we as the UTİKAD are working to decrease this fee. ■



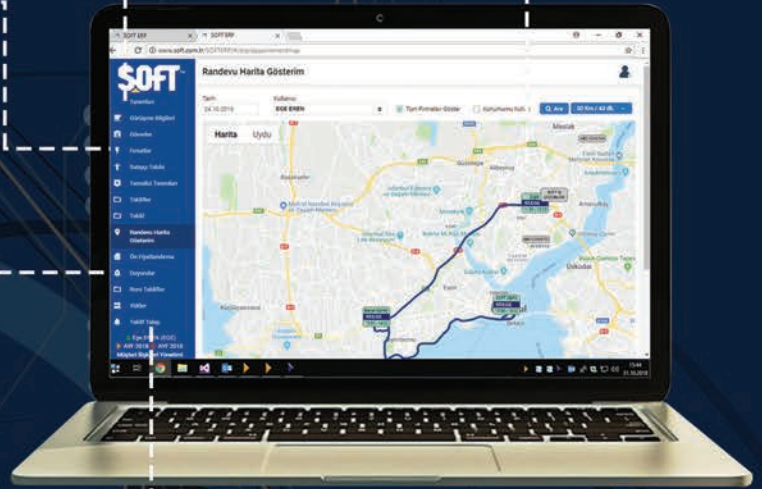
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# REGULATIONS AND DEVELOPMENTS TO TRANSFORM TURKEY INTO A LOGISTICS CENTER

**Ali Ercan GÜLEÇ**  
*Chairman of Board*



► Anatolia has always been an important place in terms of logistics and transit. The world trade has passed through Anatolia for long years. It still has an important position in terms of world trade corridors. The developments in the international trade routes in the recent years have once again proved this. One of the most important developments that will affect the international trade (railway) routes of Turkey is the OBOR (One Belt, One Road) Initiative of China. As is well known, China announced OBOR Initiative on September 07, 2013. OBOR Initiative aims for increasing the connectivity of the countries in Asia, Europe and Africa and establishing partnerships between these countries.

Three railway corridors starting from China within the scope of OBOR reach out to Europe through different countries.

These railway corridors are Northern Corridor (China - Russia - Europe), Southern Corridor (China - Iran - Turkey - Europe) and Central Corridor (China - Central Asia Countries - Azerbaijan - Turkey - Europe).

The Central Railway Corridor of OBOR initiative includes Baku-Tbilisi-Kars railway line, in other words, the Iron Silk Road directly connecting Azerbaijan, Georgia and Turkey. Baku-Tbilisi-Kars railway line was opened on October 30, 2017. The railway line still serves for transportation. These railway corridors will significantly improve the political, economic and cultural relations between the countries they pass through. The Central Corridor (including Baku-Tbilisi-Kars Railway Line and historical Silk Road) and the Northern Corridor (Iran-Lake Van-Malatya and further) pass through Turkey.

Located on the railway corridor routes, Turkey will serve as a Transfer Center/Hub thanks to its

geographical position since it is positioned at the junction point of the incoming/outgoing railway and maritime routes from European, Asian and African countries and at the distribution point for the goods coming from these countries. However, the full utilization of this potential requires rendering the legal and physical infrastructures to the international standards as soon as possible. It is difficult to establish an important logistics corridor passing through Turkey without a railway infrastructure at international standards. Works have been initiated to establish the necessary infrastructures and are currently underway. The privatization of the Turkish railways was initiated on 01.01.2017. Currently one public company and two private sector companies carry out goods transportation with railways. Some private sector companies continue to work to provide railway goods transportation.

Turkey has completed the preparation of the Eleventh Development Plan and Turkish Logistics Master Plan and Transport Master Plan for the period from 2019 to 2023 with the contribution of all public and private sector companies and universities. The transformation action plans set for the Transportation and Logistics Sector under the Tenth Development Plan covering the period from 2014 to 2018 have been reviewed and the ongoing action plans have been included in the Eleventh Development Plan for their fulfillment. These action plans will be announced as the declaration of radical change discretion by the Turkish Transport Sector.

The Turkish Logistics Master Plan set the criteria for logistics Centers where all logistics activities are carried out from a single location, multimodal, intermodal and combined transportation modes and international transportation corridors can be

accessed and all institutes and institutions required to be in the trade process are available.

The main features of national and international logistics centers such as carrying out all logistics activities from a single location, facilitation of access to logistics services, decreasing transportation costs, accessing multiple transportation modes and international transportation corridors and making all institutes and institutions required to be in the trade process available at the same location will be achieved in a faster way with the Turkish Logistics Master Plan. The Transport Master Plan, on the other hand, will cover the transport sector as a whole and ensure the development of transportation sub-systems in a complementing structure and help with the preparation of necessary policies to satisfy the economic and social life needs accurately, on time and in a safe way. The Transport Master Plan is also an important step to ensure balance between the sub-sectors of transport and will establish more efficient, faster and more environmentally friendly transportation systems as well as more effective use of the resources of Turkey.

Turkey will ensure the use of new transportation systems with environmentally friendly and human oriented development and management approach as a solution for the transport and logistics sectors. Located on the railway corridor routes, Turkey will serve as a Transfer Center/Hub thanks to its geographical position since it is located at the junction point of the incoming/outgoing railway and maritime routes from Europe, Asia and African countries and at the distribution point for the goods coming from there. Turkey as a whole will become the most important logistics center of the world in near future. ■



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## GENERAL EVALUATION OF AUTOMOTIVE SECTOR IN 2018

**Adnan AĞAÇLI**  
Board Chairman



- Although the Turkish Automotive Sector has prepared itself for a sales estimation of one million vehicles, the total market sales decreased to 642 thousand vehicles in 2018 and it continued to decrease more in 2019 Q1. In addition to the automotive sales and exports, the vehicle production and exports and imports have decreased, as well.

In 2018, the total production decreased by 9 percent, the total market by 35 percent, automobile sales by 33 percent, foreign automobile sales by 36 percent, local automobile sales by 25 percent and automobile exports by 1 percent in terms of volume as compared to the previous year. The imports constituted 66 percent of the automobile market and 50 percent of the light commercial vehicle market in 2018. Taking into consideration that the exports to the EU member states constitute 78 percent of the Turkish automotive exports, the European automotive market is a major market for Turkey. The European automotive market experienced a decrease of 0.04% in 2018 as compared to the previous year total of EU (28) and EFTA member states and totaled 15 million and 624 thousand.

Turkey is ranked as the 6th in European automotive sales with a decrease of 35%, as the 8th in the European automobile sales with a decrease of 33% and the 6th in the European light commercial vehicle sales with a decrease of 42%. This means that the Turkish automotive industry has exported 85% of its total production. The contraction in alternative markets and the stagnation in the European markets do not help with the balancing of the negative process.

The automotive sector has had a bad year in 2018. The market with a sales volume of over one million two years ago witnessed a decrease in sales to around 900 thousands in 2017. The sales have decreased to around 642 thousand in 2018. The sector is concerned that it may decrease below 500 thousand in 2019. The sector is frightened of 2019. This is because the investments are made for a sales volume estimation of 1 million and such a large scale decrease in the domestic market may cause major losses to the Automotive Sector. The total sales of the automobile and light commercial vehicle market have decreased by 44.16% to 88,469 in 2019 Q1 as compared to the same period of the previous year. During January to March 2019, the automobile sales dropped by 43.74% to 68.812 while the light commercial vehicle sales decreased by 45.58% to 19.657 as compared to the same period in 2018. After reaching a sales volume of one million, the Turkish automotive market has started to shrink with a severe contraction caused by the FX and interest impact. Although the contraction is expected to continue in 2019, the sales are expected to increase as of 2020. However, the sales are not expected to reach one million by 2023.

Special Consumption Tax and Value Added Tax discounts to be continued to be implemented in the first two quarters of 2019 will have a major effect on sales figures and support especially the national market sales and thus, will continue to help with the production and employment continuity of the Turkish automotive industry.

Although the sector undergoes a challenging period, 2019 is considered as a "Balancing Year". Therefore, precautions to be taken

will make the transition process easier.

The main problem in the vehicle logistics sector is maintaining the current situation, keeping the qualified personnel and the high costs of idle capacity.

According to the International Organization of Motor Vehicle Manufacturers (OICA), the global motor land vehicle production amounted to 91 million and 538 thousand and 640 last year. This means a decrease of 6.3 percent in global production as compared to the previous year. The automobile group is the first in the motor land vehicle production with a share of 77 percent. The number of automobiles has globally decreased by 3 percent to 70 million and 466 thousand and 344 during the same period. The light commercial vehicles group is the only single engined land vehicle group with an increase in production. The global production of this group amounted to 21 million and 72 thousand and 296 with an increase of 4.2 percent.

In conclusion, the automotive sector experiences a cyclical contraction both in Turkey and in the world. The automotive sector is now under a major change process. Autonomous vehicles, connectivity, electrical mobility and advances in sharing technologies affect the automotive market and customer preferences. Although the overall contraction in the sector is caused by economic reasons, the change in the preferences of end consumers in such an extensive conversion and the dilemma they face affect the postponement of the demand to some extent. ■



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# GLOBAL POSITIONING OF TURKISH LOGISTICS INDUSTRY

**Turgut ERKESKİN**  
*Chairman, Logistics Business Council at DEİK*



► With its transcontinental position, Turkey plays a crucial role in transportation between Asia, Europe and Africa. Both historically and recently, its geographic position has presented many important opportunities in terms of logistics industry. The country's strategic geographic location, growing economy, increasing urbanization, developing transport infrastructure, and increasing investments, in line with its vision to become one of the top 10 economies of the world are the factors that are contributing to the growth of Turkish logistics sector. The country's geographical advantage needs to be supported by a good transport infrastructure. Then Turkey has already undertaken various mega projects, including constructing new roadways, railways, airports, and increasing port capacities. Mega projects include Baku-Tbilisi-Kars railway, Edirne-Kars high-speed railway, North Marmara motorway, Yavuz Sultan Selim Bridge, New İstanbul Airport. Having been positioned adjacent to the intercontinental highways, recently inaugurated new İstanbul Airport will provide a new era of transportation that will connect the city of Istanbul to the east via the new bridge on the Bosphorus.

When fully operational, the airport will be one of the largest airports in the world, with a yearly capacity of 150 million passengers and 5,5 million tons of cargo handling.

A strong and diversified economy in terms of foreign trade and investment will contribute to the expansion of Turkish logistics industry. Since many industries support or rely on the logistics industry, their growth would indirectly stimulate growth in logistics.

Turkey's advantageous geographical location that stretches from Asia to Europe and Russia to Africa, allows it to be a hub for over \$ 2 trillion freight carried in the region. Turkey is implementing rail freight corridors, coastal freight corridors and international highway corridors to become a leading logistics hub. These corridors will support the movement of a greater volume of traffic between countries neighboring Turkey.

Global logistics players are keen to invest in Turkey because of the growth potential within the Turkish economy and its proximity to Europe and Asia. Turkey has already attracted big global players. All of the top global logistics companies presently in Turkey are conducting operations either alone or through

joint ventures. The Turkish logistics sector has attracted foreign investments worth more than \$ 7 billion since 2002.

Turkish logistic firms turned to be global investors as well. It is not hard to see Turkish logistics firms having been established overseas, building airport in the MENA, operating airport in Far East, operating ports in LatAm and running intermodal lines in Central and Eastern Europe. Total Turkish overseas logistics investments calculated to be in more than 2 billion over the last decade.

The increasing trade flows between the developing economies of Europe and Asia necessitate the growth of logistics infrastructure in Turkey. In addition to the mega projects, Turkey is building logistics centers/ villages that will serve to lower the costs of transportation and eliminate the congestions. Briefly, with its geo-strategic position as a logistics platform between East and West, progressively equipped with first class infrastructures, outstanding maritime operation, port privatization process, push for intermodal infrastructure and digitalization, Turkey's logistics sector targets to gain higher share from the global logistics sector, which amounts to \$7 trillion. ■

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# INTERCONTINENTAL LOGISTICS BRIDGE

**İlker ALTUN**

*Managing Director - Aysberg Group*



► Turkey has great potential as a transport and logistics market. Despite this, the logistics services are still mostly provided in the road transport sector. The growth rate of the market has increased with the addition of higher added value services such as warehousing and technology to the transport activities. 4 to 20 percent of the product prices are comprised of logistics costs in the world. This rate increases up to around 12 percent in Turkey with the addition of international transport and customs costs. Turkey with a GDP reaching nearly 800 billion US dollars in 2018 has a logistics market worth of around 96 billion US dollars.

89 of foreign trade activities are carried out by sea and 9 of them by road in Turkey. The share of railways and airline transport is around 1 percent. In terms of goods prices, these figures are 65 percent for sea transport, 22 percent for road transport, 12 percent for airline transport and 1 percent for railway transport. If divided into as imports and exports, the sea transport has a share of 58.2 percent, road transport of 29.2 percent, airline transport of 10.8 percent and railway transport of 0.5 percent in exports while these figures are respectively 63.5, 16.1, 14.8 and 0.5 for imports.

The road transport takes the biggest share in international transports as well as the domestic transports. Export transports are carried out by 1.5 million trailers in Turkey. Around 650 thousand trailers conduct transports to Europe. The road

transport is used for around 90 percent of the domestic transports in Turkey. The Turkish ports handle around 8 million containers per year. Turkey has around 175 ports and 78 shipyards providing services for international traffic. 8 out of 21 of the logistics centers planned to be established are now operational. 56 airports have served 193 million passengers in the domestic passenger traffic. Flights are available for a total of 316 destinations in the world.

Three suspension bridges and Marmaray sub-sea tunnel and Eurasia Tunnel connect Asia and Europe both under and above the sea. 1915 Çanakkale Bridge currently being constructed will be the 4th bridge to connect two continents. A suspension bridge is available also for crossing the Gulf of İzmit. The highways of around 2 thousand and 159 kilometers excluding the ones constructed with the build-operate-transfer model and the road network of 67 thousand and 333 kilometers including divided roads of 24 thousand and 430 kilometers are used in internal and transit transports in Turkey. Moreover, major projects such as 15 Temmuz, Fatih Sultan Mehmet, Yavuz Sultan Selim, Osmangazi and 1915 Çanakkale Bridges, Eurasia Tunnel, Marmaray, İstanbul Airport, Northern Marmara Highway, express train and high speed train lines, Northern Aegean Port, Gebze-İzmir Highway and BTK are great and useful investments in terms of international trade and will turn Turkey

into international corridors.

Russia and USA conflicts over Syria and the general stagnation in the world economy caused by the terrorist attacks following them and the exchange rate fluctuations in Turkey have adversely affected the construction and building investments in Turkey including the transport infrastructure investments made in the last 16 years and worth of 537 billion Turkish liras. This has caused a decrease of 36.5 percent in the commercial vehicle sales as compared to the previous year. However, it is not a dream to expect a serious recent boom in the high commercial vehicle sales which were around 11 thousand and 754 in 2018 and are expected to decrease to around 10 thousand.

There are many things to be done in the neighboring countries which need to be restructured. The Gulf countries especially Iraq and Syria and other neighboring countries have a business potential with large and surprise logistics requirements.

Taking into consideration the belt and road project as well, Turkey being a star in its region despite all these problems continues to be a center of attraction. Turkey with its great potential has the necessary advantages to become the international logistics bridge. Not only with the infrastructure works completed at a great speed but also the necessary knowledge, hardware, companies and human resources she has make Turkey deserving to become an intercontinental bridge and hub. ■

# A TURKISH SUCCESS STORY IN THE GLOBAL SKIES

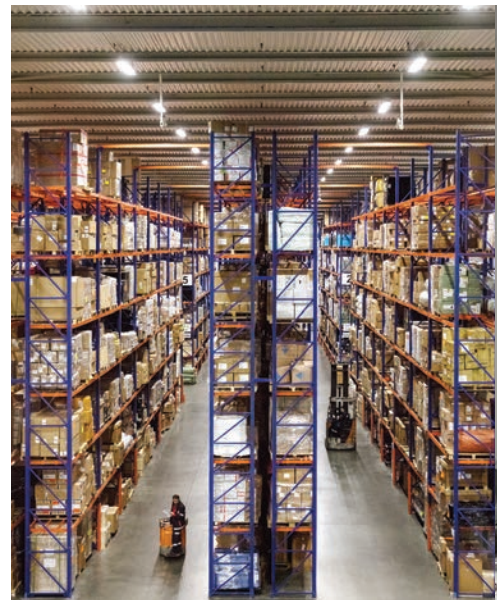
*Operating direct cargo flights to 85 destinations by means of its fleet of freighters in addition to the cargo carrying capacity of the flag-carrier Turkish Airlines, the accomplished brand attained a total cargo carrying capacity of 1 million 414 thousand tons in 2018, maintaining its 8<sup>th</sup> rank across the global air cargo market.*



provide the service utilizers with closer access to business opportunities and reach partners in many main commercial hubs, and also increased cargo delivery capacity to even more destinations. In addition to the growth of its cargo network capacity, Turkish Cargo is significantly revising its infrastructural and procedural processes. Turkish Cargo has been awarded with

► Turkey's "rising star", Turkish Airlines started its journey in 1933 with just five aircrafts. Today, it has more than 300 destinations worldwide in 124 countries. In 2018, Turkish Airlines was awarded "Asian Freight Logistics and Supply Chain Awards 2018", "Best Air Cargo Carrier-Europe", "Best Green Airline", and "Cargo Airline of the Year/Stat Times". The Company, which has been maintaining its cargo services and operations under the sub-brand Turkish Cargo since the beginning of the 2000s, stands as the internationally fastest growing brand offering air cargo services to the highest number of countries around the world. Turkish Cargo, a

subsidiary brand of Turkish Airlines, has been continuing to grow along with Turkish Airlines in recent years. Operating direct cargo flights to 85 destinations by means of its fleet of freighters in addition to the cargo carrying capacity of the flag-carrier Turkish Airlines, the accomplished brand attained a total cargo carrying capacity of 1 million 414 thousand tons in 2018, maintaining its 8th rank across the global air cargo market. Its network and fleet expansion policy enables Turkish Cargo to launch high quality cargo services to new destinations and increase freighter cargo capacity in existing destinations as well. This enables Turkish Cargo to

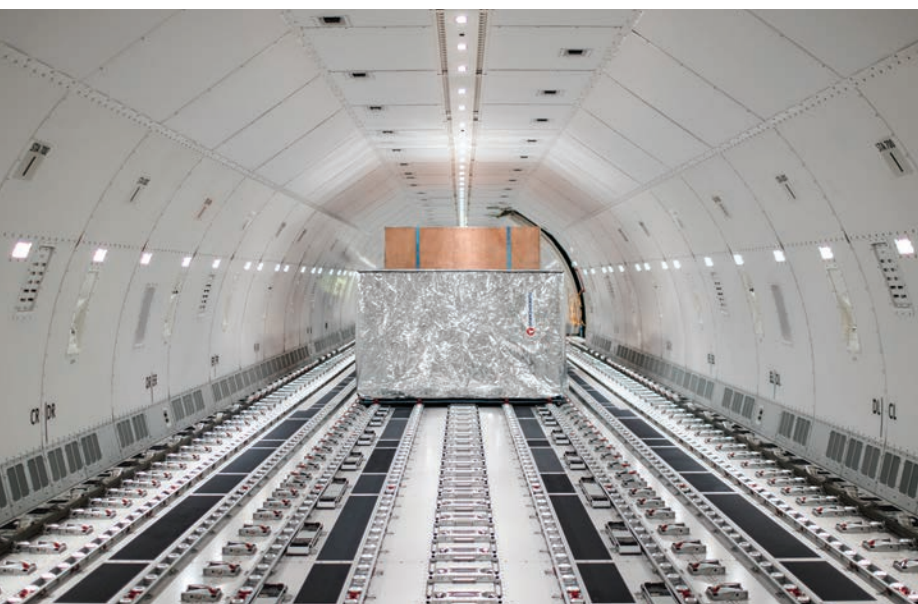




IATA's Pharmaceutical and Healthcare Products Transportation certificate 'Center of Excellence for Independent Validators' (CEIV) in Istanbul Hub in August 2016. Turkish Cargo revised each step of the process in order to ensure high level of reliability and security throughout shipment. Turkish Cargo plans to successfully maintain the recertification process which will be performed by IATA every two years. Turkish Cargo plans to maintain its success in the inspections made in definite periods by world's leading

pharma producers. Herewith, it plans to be an airline which constantly innovates via continuous improvement in activities. Turkish Cargo is planning to attend the seminars and exhibitions attended by the sector's leading pharma consignors and experienced cargo agency representatives where technical matters and expertise regarding pharma transportation are discussed. It maintains the continuation of current cooperations in events where the cargo agencies find the opportunity to share their reviews regarding

the current situation and the future of the health sector, and aims develop pharma transportation further focusing on customer needs and behaviour. Within this scope, Turkish Cargo regularly monitors sector requirements complying with Operational Quality and Pharma GDP standards for and strives to continue to realize activities in this direction. Turkish Cargo's vision and growth trend would continue and shared the aim of Turkish Cargo to be among the top 5 one in the air cargo sector by the year 2023. Turkish Airlines has steadily grown over the past decade and Turkish Cargo is now well on the way of performing similar expansion along with passenger growth. According to the data obtained by WACD, the international air cargo market information provider, in 2018; Turkish Cargo, the global air cargo brand providing service to 124 countries around the world, attained an increase of 21.7 percent in the rate of sold cargo, and grew substantially across the industry with the growth rate of 2.2 achieved in the global air cargo market. ■



**Vittorio Zagaia**  
Vice President,  
CEO

# GALATA TRANSPORTATION CONTINUES SUSTAINABLE SUCCESS INVESTING IN TECHNOLOGY AND HR

*Vittorio Zagaia, Vice President and CEO of Galata says: "In freight forwarding and logistics industry constant improve and investments in technology and human resources rather than equipment investment are the key elements to maintain the success in today's competitive environment."*

► A well-known company in Turkish transport sector, Galata Transportation continues investments, services approved by quality certificates, restructuring and active improvement of Human Resources, corporate assessments, corporate evaluation by customers-suppliers and employees supported by brand perception studies with a research firm. In the meantime they show their dedication to growth by taking the right steps and maintaining corporate principles. According to data given by the company, Galata offers logistics solutions in 5 continents since 1997, with more than 250 business partners and 150 professionals.

The company aims to provide a competitive advantage to its valued customers in the new and dynamic economy structure through its investments focused on Technology and Human Resources and by the commitment in daily increasing the service quality.

Underlining the company's aims, Vittorio Zagaia, Vice President and CEO of Galata says, "In freight forwarding and logistics industry constant improve and investments in technology and human resources rather than equipment investment are the key elements to maintain the success in today's competitive environment."

Saying that an experienced team supported by accurate, innovative and adaptive technologies, not only facilitates the operations in general but has a strong and positive impact on costs, he says, "Customers' needs may vary according to the evolution of the industry they belong and as a solution partner our aim is to have a fast adaptive and flexible approach. Therefore since 1997 Galata International Freight Forwarding and Logistics has always prioritized the human resources and technology



implementation considering it as the key element for a sustainable and qualified service. As a worldwide land, air, sea freight forwarder long lasting partnerships has been another important key fact of success in the past 22 years for Galata Int'l Freight Forwarding. Yearly more than 100.000 shipments are moved through selected partners worldwide in land, air and sea freight having 'transparency, accuracy, effectiveness and customer satisfaction first' approach." Vittorio Zagaia points out the fact that Galata Int'l Freight Forwarding priority has been to be specialized in consolidated cargoes. He continues: "Today in land freight the regular and weekly direct departures for both inbound and outbound reached up to 16 countries with a yearly capacity of over 5000 trailers, 99 percent of them with consolidated and groupage cargoes. Galata Int'l Freight Forwarding is one of the leading companies in Turkey to implement the CRM department since 2002. The main reason in implementing within the eco-system of Galata the CRM department was to learn and better serve customers from different industries according to their specific needs. This system in

due course enabled us to perform and improve our operational procedures along with the cost effectiveness. One of the undeniable strength of Turkey is the geographical position. Another important point is her competitiveness and quality in offerings from various industries that attract attention of more and more new countries from all around the world.

Based on this fact, Galata Int'l Freight Forwarding strengthens its presence with joint ventures and new collaborations in emerging markets for Turkey such as Africa and Central and South America. For instance in North Africa, to/from Morocco and Tunis weekly and regular consolidated multimodal services can be described as a perfect example of opening to new challenges for Galata Int'l Freight Forwarding considering that the planning goes to many years back."

Stressing onto human resources that deliver the sustainable growth of a company he says: "The Galata Academy was founded in 2010 under the H&R Department. Galata Academy is now focusing on training and education for existing team members and new comers. For the existing members it is a gateway for building their career within the company and for the new comers a quick adaptation to the company system, culture, values and mentality." ■

**Ergin Kargalioğlu**  
Vice President

# SOFT KNOWS WHAT SHOULD BE DONE

*SOFT has been developing software solutions for companies' evolving needs of the business transformation for 23 years.*

► SOFT started its journey in 1996 with a team having 15 years of sector experience. With the flexible and integrated structure of SOFT ERP, which consists of 140 modules, SOFT is adapting the companies to Industry 4.0. Ergin Kargaloğlu, the Vice President of the company says, "We have become the number one Strategic Business Partner for Supply Chain, Logistics and Transportation Companies in Turkey. SOFTTRANS, SOFTFINANCE, SOFTINTERFACE, SOFTE-DOCUMENT and SOFTMOBILE Applications provide quickly adaptable streamlines processes and improve extensive functionality. They provides flexible, end-to-end business management solutions for organizations of all sizes - from accounting software

real-time data.

For an ERP system, it is very important to be usable by all departments as error-free. Departments must make data entries for accurate operations. Therefore SOFT provides its customers with various supports for the accurate ERP usage. Along with training and support at client's premises, Help Desk and Electronic Customer Support services are provided. Customer training is carried out regularly at SOFT Training Centre. Process and requirement analysis and corporate auditing are performed to enhance work processes. Consultancy services are provided in the areas of process improvement and 'Supply Chain, Logistics and Transport Management'.



for small, medium and large businesses to a full featured ERP platform serving multi-national companies. SOFT is also providing government certified E-Invoice, E-Archive Invoice, E-Waybill and E-Ledger solutions.

SOFT Applications are continuously renewed and enhanced in accordance with changes in regulations, customer requests and requirements, and with developments in Supply Chain, Logistics, Transportation and IT sectors."

### **The Future of Work Demands Digitalization**

SOFT ERP which includes some of applications develop by .Net Technology, allows to access platform independent,

In addition authorizations can be defined and logs are kept for all transactions on user basis. With a system robot which allows execution of some transactions automatically and with warning mechanisms, an effective system management can be performed. With the help of records generated starting from the ordering stage, all functions (such as tracing, documentation and complaint management) required for creating ISO 9000 Quality System are available in SOFT Applications.

"Through an innovative approach, we aim to provide streamlines for all business processes to increase the efficiency. Our hard work on the new SOFT R&D Center project continues. We

focus to increase the efficiency, quality of service and importance of sustainable work more than ever," says Mr Kargaloğlu and he continues as follows: "SOFT has been developing solutions with next-generation technologies to the evolving needs of the sectors. With these projects, SOFT provides unique needs of organizations that are ready to grow, increase profitability, and improve efficiency."

### **Needs of the Business Transformation Change Rapidly**

Last several years, people, devices, processes and data are more connected to each other. The Internet of Things (IoT) terms became more meaningful. High speed internet connections have reached mobile devices, autonomous vehicles, cloud systems and many others. The IoT is about creating an environment where data is captured and turned into actionable insights. All these data involves big part of the collection and analysis of Big Data.



Companies are realizing the importance of integrating all modes of carriers and all related data into central data repositories for full visibility of everything from rates and tracking information to complex reporting and score carding. They can then leverage these data to make more informative decisions and enable automated actions, thereby increasing labor productivity.

"The awareness of digitalization and importance of ERP usage are increasing day by day. SOFT believes that digitalization is the key of productivity and profitability of your operations. With Big Data, SOFT aims to increase your productivity by converting your data to business reports and to provide you with a competitive advantage edge to get ahead in profitability," concludes Ergin Kargaloğlu. ■

**Onur Talay**  
Board Chairman

# SARP INTERMODAL GROWS IN EUROPE WITH NEW INVESTMENTS

► Introduced intermodal transportation concept in Turkey by means of 45' containers, Sarp Intermodal also aims to render services for wider areas. Stating that they have been offering transportation services between 16 European countries and Turkey at start up, Onur Talay, CEO of Sarp Intermodal, mentioned their goal to introduce such cost-effective, environment-friendly and sustainable transportation model throughout Turkey, and that they will continue to invest both inland and abroad accordingly.

Emphasizing that they are able to reach a wide geographical area from Istanbul, Izmir and Mersin lines to Trieste, Toulon and Patras, Talay underlined that that such transportation are port-destined, and that they are capable of rendering services to 36 countries through railroad-road connections.

### **12 Thousand Units of 45' Containers in One Year**

Drawing attention to being one of the pioneers in Turkey for intermodal transportation, Onur Talay continued "During our initial years 45' container was not common. We focused on introducing such transportation model to the importers and exporters under the motto -Meet Intermodal. Hence, we have created an alternative transportation model in Turkey. We have offered a system which is faster and relatively higher-price compared to marine transportation, and slower but lower-price compared to road transportation". Consequently, Talay mentioned that they have achieved a significant growth in the last 5 years by penetrating into road and marine transportation, and that they realized 12 thousand units of 45' container transportation last year.

Talay also said that Sarp Intermodal makes long-term planning instead of annual plans, thus, they are able to focus better on the targets and investments. Mentioning that they will take over 100 units of 45' swap-bodies in the coming days, Talay continued "We also have option for additional 100 units. Moreover, this year we are planning an investment of 100 units of ISO Tank. We are going to continue to invest gradually in trailers and container handling both inland and abroad".

### **Following Italy and Bulgaria, New Investment in Germany**

Having established Italy office in the first year and structuring in Bulgaria thereafter, Sarp Intermodal invested in 30 units of trailers (EU plate), thus, eliminated the issues encountered during transits between European countries.

Talay stated that later, they have established a company named Mark Multimodal for rendering services between Turkey and Russia, Ukraine and Baltic countries, and mentioned that their next investment will be in Germany as planned. The company shall act as "Sarp GmbH" in that country. Additionally, UK will become active at the end of this year.

### **Launch of Partial Transportation in Intermodal**

Sarp Intermodal has recently moved to the new logistics facility of 12



thousand m<sup>2</sup> in Buyukcekmece and aims to realize partial transportation operations via 45' containers by benefiting therefrom. Talay said "Here we are not only able to easily park our vehicles, but we also perform maintenance of the fleet. The new facility also has a warehouse. There we can Cross Dock, in other words, make cross transportation. We have also launched partial transportation services to enable more exporters to benefit from the advantages of intermodal transportation". Stating that the trading volume of Turkey with foreign countries increase day by day, Talay emphasized that both the importers and the exporters may grow via appropriate logistics operations. Talay said "Once proper planning is made, it is clear that intermodal transportation is far more advantageous compared to other modes. However, this model must be attractively introduced to enhance. Legislation is the biggest issue that intermodal transportation faces, i.e. maritime legislation, on one hand, and road transportation, on the other. Therefore, the rules related to intermodal transportation must be totally reviewed and adapted to meet the needs".



# VEGA'S INNOVATIVE SPIRIT WORKS TO REALIZE A DREAM - CO<sup>2</sup> FREE LOGISTICS



***#worldofgreenlogistics is for VEGA not only a slogan but part of the company's philosophy with the focus on ecological transport technology as important success factor in the daily logistic business.***

► The FRIDAY4FUTURE demonstration shows that the youth is not willing to accept the continuation of traditional concepts. Greta Thunberg, the founder and spokeswoman of the movement puts the situation in simple, but true words: "The house is on fire" and if there is not significant achievements in Co<sup>2</sup> reduction it will simply burn down. VEGA as part of the UN Global Compact, an initiative of former UN

Secretary General Mr Koffi Anan, who energized the private sector to contribute to the Significant Development Goals put by the U.N. General Secretary, Mr. Antonio Guterres is fully in line with Greta Thunberg and warns at any occasion that if there will not be significant improvement on the Co<sup>2</sup> balance in all sectors, the climate change will become irreversible. VEGA therefore puts enormous

efforts to develop logistic solutions with a minimal Co<sup>2</sup> footprint and rises even the vision for a ZERO EMISSION LOGISTICS by 2030. Despite the high pressure for best (quick and cheap) performance by the Industry and a rising volume to be moved, VEGA focuses only on sustainable and ecological sensible logistic solutions. The logistic provider for the commercial vehicle industry with



its headquarter in Salzburg/Austria and 15 subsidiaries all over Europe and Asia, including a very important one in Orhanli/Istanbul offers a variety of solutions for its customers, like multimodal transport chains, storage as well as additional tailor made services according to the customers' requirements. "Excellence is our driver in all our actions and among this excellence the ecological responsibility is as important as cost leadership and smooth delivery processes," is the company's motto. VEGA has specialized in multimodal logistic chains using always the most cost and ecological efficient solution by road, rail and short/

deep sea transport solution. World of green logistics is the target for any job performed, therefore a special department looks into the Co<sup>2</sup> emission of each transport executed and its potential to improve the ecological balance. The yearly Co<sup>2</sup> saving is crucial for the overall performance of the company and an important key figure in the balance scorecard.

The company moves more than 100.000 new trucks, buses and trailers for its customers like Daimler, Volvo/ Renault, Iveco, MAN, Scania, Schmitz, Krone, Kässbohrer and many other important trademarks of this industry and more and more of them by ecological friendly rail solutions. Rail was important from the early beginning of the company, but it was missing a suitable multimodal solution which could combine the flow of new commercial vehicles with the general cargo flow in Containers and craneable trailers. 2 years ago VEGA founded an innovation circle together with Kässbohrer Transport Technik in Austria, specialized in vehicle for the automotive Industry and several rail partners among them Deutsche Bahn, Rail Cargo Austria and TX Logistic in order to



find the right tools for a combination between road, rail and sea transport. Recently VEGA is working on more than 10 intermodal projects for the commercial vehicle Industry including a direct overland link to Turkey as well as some domestic solution within Turkey.

The innovative adapter r2L (roadrailLink) is permanently developed further and makes almost every rubber wheeled vehicles loadable in intermodal transport. If we succeed to arrange the pre-carriage and last mile by electric trucks, which will be possible soon thanks to newest developments by Siemens the dream of a ZERO EMISSION logistic transport chain can become reality much earlier than anticipated.

VEGA is looking forward to the challenges of a sustainable World of green logistics and has taken already major steps to be a leader in this important development in the logistic market. ■

eki Teknoloji Ortağınız

**Erkan Durdağı**  
Vice General Manager

# ARTIFICIAL INTELLIGENCE TECHNOLOGIES OF XİNERJİ PROMISE EFFICIENCY

*Noting that they support the digitalization of logistics companies with their new T-Maxx solution, Xinerji Technology Partner Erkan Durdağı emphasizes that they aim for contributing to the efficiency of their customers.*

- Established by Turkish engineers in 2003 at Boğaziçi University Technology Development Center with 100 percent Turkish capital, Xinerji Technology mostly provides solutions to the logistics, banking and defense industry. Providing services to more than 20 countries in 4 continents with over 90 personnel, Xinerji products are used by more than 6 thousand users in the world.

Xinerji Technology Partner Erkan Durdağı evaluates 2018 during which many companies focus on digitalization as follows: "We have completed our 16th year in 2018. Many companies have focused on digitalization works in 2018. The digital transformation is a more challenging process as compared to the traditional transformation projects. The achievements in digital transformations are shared between more stakeholders. This decreases the success probability of the projects if the correct infrastructures are not provided. Today it is inevitable that all systems have to communicate with each other during the digitalization era. We have set our slogan as "Connected Logistics" in this era. We see that software use is no longer limited to the use of TMS, WMS or ERP system. Today the data generated by all stakeholders have to be used by the business world. We have introduced our new products in logitrans Exhibition held in November and received positive feedbacks from local and foreign companies."

Erkan Durdağı has explained the advantages that Xinerji provides to its business partners in the digitalization process: "We have increased the diversity of the solutions we provide to more

than 100 business partners in the logistics sector. Thanks to the mobile applications working as integrated to our TMS and WMS products, we now include data from every point into the system. For instance, we can get the details of the delivered goods via the mobile devices used by our drivers. We can re-plan the route of a vehicle in transit on a real-time basis based on new orders received. We can obtain real time information from the sales responsible in the field and monitor online the expectations in previous meetings and direct the work plans. These applications alone may not be sufficient to realize the desired outcomes. Platforms are needed to combine data from the applications used, customers and business partners and to report meaningful conclusions from them. One of the most important steps of digitalization is the use of the data created up until today. To this end, innovative business intelligence applications are now an important part of the business life." Underlining that as Xinerji, they monitor the fast changing and developing technology, Erkan Durdağı further commented as follows: "We as a technology company are well aware of our responsibilities. We do not have the chance to follow the developments! We have to be well beyond these developments. We focus our works to ensure the development of our team, their use of the latest technology and always work with innovations. Thanks to robotic operation automations, micro service architecture, mobile applications and advanced integrations, we have converted our solutions to sophisticated ones."

### We Offer A Digital Platform With T-Maxx

Telling that they have transferred the web-based solutions offered to the sector around 13 years ago to a brand new platform, Erkan Durdağı described their new technologies as follows: "We have ensured the scaling of our system with our service based approach and started to offer our clients the capability to manage certain services separately. This ensures that the related service interacts easily with the 3rd party system and provides our business partners with a free platform. We continue with our developments with the micro service infrastructure in order to establish this platform. Entering information to a place and being required to repeat this at certain intervals is something that we



come across in many business processes and that cannot be fully resolved despite the integration. However, teaching the jobs that we do not integrate into the system to the robots now takes hours not days and all we need for this is a computer... Any process will be thought to robot software in a faster and continues way without any error. This provides us with digitalized systems which provide savings and efficient systems. We first ensure that you see an X-ray of your system. Then we deepen this work and provide a reporting infrastructure to ensure monitorability. When these works are completed, we have a self-service reporting infrastructure. This forms the basis of the learning systems and artificial intelligence." ■

# MORE INVESTMENT AND STRONG FOCUS ON R&D



**Damla Alışan**  
Vice President

***Research and development was a focus of interest for Alışan during the year 2018. The R&D investments that the company initiated in 2017 continued during 2018.***

► 2018 was a very productive year for Alışan. "As one of the leading companies in the logistics market in terms of knowledge, experience and capacity for hazardous material logistics, we continued our growth trend in 2018," comments Damla Alışan, the Vice President of Alışan Logistics and she continues, "We finished 2018 with a growth rate of about 40 percent. In 2018, when we completed our 33<sup>rd</sup> year

in the sector, we continued to offer all the channels that our customers needed with the most practical solutions by keeping our structuring in line with the global market requirements." In this process, Alışan has produced international transportation, domestic distribution, warehousing operations, liquid and energy logistics, intermodal transportation operations and related value added services, which all together

led the company to maintain their reliable position in the field of integrated logistics services. Research and development was a focus of interest for Alışan during the year 2018. The R&D investments that the company initiated in 2017 continued during 2018. In the scope of R&D activities, digitizing all business processes with an innovative approach and improving their experience as well as developing mobilization opportunities for their customers all remained as the top priorities of Alışan Logistics. While using intermodal transportation system actively in 2018, the company developed their intermodal system in order to provide their customers with the logistic service in the fastest and the most cost-effective way. Regarding further projects and investment plans about research and development in 2019, Damla Alışan says, "On the road to Industry 5.0, we focus on R&D and innovation concepts. We aim to lead the way with our R&D centers that focus on optimizing the resources and processes of the sector and ensuring sustainability on a global scale. One of the targets of 2019 is the Central Anatolia Region. We want to be the closest partner of many large and modern industrial enterprises in this region and we want to add value to the regional economy with our savings in logistics. In

this sense, we can say that we will continue our activities in this direction in the coming period. We believe that our R & D center, which was commissioned in Konya, will accelerate our efforts in this direction."

Developing technology, the diversity and increasing speed of the commercial network, especially in recent years have developed the ability of the Turkish transportation and logistics sector to produce solutions to different needs. According to Ms. Alişan, energy, construction and industrial sectors in Turkey are especially suitable for producing such projects. As of 2019, they believe that the infrastructure and capacity of the sector is capable of meeting domestic and international demands. The logistics sector develops different business strategies for renewal in its internal dynamics. While large worldwide companies are implementing new measures related to their logistics needs,

some tend to carry out their own logistic services within their corporate bodies. "In the face of these developments, the logistics sector is actively moving towards different product characteristics and new business processes that will be determined by new technologies," says Damla Alişan and she emphasizes the fact that industry 5.0 comes with digitalization and trade is affected by this situation. In her opinion, the sector will change greatly in the future and accordingly, companies that produce solutions can make the most of the opportunities.

The outlook of 2019 for Damla Alişan is that beside European countries, Middle East, Arabian Peninsula and African countries are choosing logistics partners from Turkey in their investments. In the light of this data, Alişan has a positive impression about 2019. "We aim to offer our customers the most practical and innovative solutions they need by keeping



our structuring in line with global market needs. There are some shortcomings in the sector. We encounter problems such as the majority of vehicles in truck type, low truck ratio and lack of technological infrastructure," says Ms. Alişan and she concludes as follows: "Especially warehouse investments are still far from quality standards which are absolute requirements for international norms."



# SGS TRANSITNET OFFERS INTERNATIONAL EXPERIENCE IN CUSTOMS DECLARATIONS

**Mine Kaya**  
General Manager

*"We have achieved an 18 percent of increase in the total number of declarations filed through SGS TransitNet. In 2017, while the total number of declarations was 304 thousand, we closed 2018 with 354 thousand."*

► SGS TransitNet is a web based and multilingual application that allows clients to provide their T1 / T2 and TR declarations in Turkey and the EU transit regime, TIR pre-notification declarations and ENS declarations. "TransitNet is the first and only organization in Turkey that uses its own guarantee in 19 different countries and provides comprehensive services in this field. As SGS TransitNet, we provide guarantees for all national and international shipments," says Mine Kaya, the General Manager of SGS TransitNet and she continues; "Now, we have more than 500 customers, they are using our system and we have our own guarantees in 19 countries as SGS TransitNet. In this way, our customers are not only performing their transportation services faster and more efficiently but they also have significant advantages in terms of costs." In 2017 the number of employees at TransitNet was 52 and it increased to 63 people in 2018. "One of the most important reasons for this is to accelerate the service we provide to our customers. In addition, we have a

## SGS TransitNet

Risk Management Department with 6 people who give full support to our carriers and know their business very well in order to ensure that the declarations are closed in a timely and seamless manner. We aim to continue our growth in 2019," says Ms. Kaya and expresses their targets for 2019 as follows: "We have achieved an 18 percent of increase in the total number of declarations filed through SGS TransitNet. In 2017, while the total number of declarations was 304 thousand, we closed 2018 with 354 thousand. 93 thousand 691 of those declarations were opened by the Operations Department at our head office. In 2019, we aim to increase this number further with the hope that the sector will grow."

### **"Customer Relations are of high importance for us"**

Customer visits and marketing activities are very important for SGS TransitNet team. This is emphasized

by Ms. Kaya by the following words: "We went to Mersin, Gaziantep and Hatay. In 2017, we had 446 customers who actively used our services. In 2018, 137 transporters were added to our system. We completed 2018 with our 583 active customers. In 2019, we are still concentrating our efforts in this direction.

In 2017 the countries which used the system included Turkey, France, Germany, Italy, Poland, Croatia, Serbia, Macedonia, Bulgaria, Romania, Hungary, Latvia and Lithuania. Spain, Estonia, Belarus, Netherlands, Slovakia and Slovenia were added to these countries in 2018. Our 2019 targets include Ukraine, Belgium, Switzerland and Luxembourg.

In addition, we cooperate with some universities for a certificate program. A certificate will be issued by SGS TransitNet to train educated staff. In this certificate program, the potential personnel will be trained on customs legislation as well as the preparation process of international transit documents, T1, T2 and TR documents. This certificate is important for both SGS TransitNet employees and students. ■



# LOGISTICS SOLUTIONS OF THE DIGITAL WORLD MEET AT LOGITRANS EXHIBITION

► The International logitrans Transport Logistics Fair will bring together the global players of the supply chain in Turkey for the 13<sup>th</sup> time from November 13 to 15, 2019. The increase in the infrastructure investments of Turkey in line with the goals set for 2023 draws the attention of the world to Turkey surrounded by sea from three sides. Realizing mega land, railway and airline projects one after another

such as Yavuz Sultan Selim Bridge, Marmaray railway line, Osmangazi Bridge and İstanbul Airport, all of which directly affect the international goods flow, Turkey now bases her claims for becoming a logistics hub on concrete grounds and reasons. Telling that "While the logistics and transport operators carrying out activities on extensive international networks are aware of the strategic

importance of Turkey and make better investments in Turkey for long years, the Turkish entrepreneurs have also structured their supply chains especially in the last 30 years", Eko Fairs Co. Exhibitions Manager Altınay Bekar further commented as follows: "We have always supported the transporters and local businesses for around 15 years during which they have transformed into logistics operators or leading





**Gerhard Gerritzen**, Member of the Management Board Messe München (Left)  
**İlker Altun**, Managing Director EKO MMI Fair Co. (Right)

Middle East."

The leading brands of Turkey and the world continue to book their spaces in the exhibition to start on November 13, 2019 and continue for three days. Operators such as Arkas, Sarp Intermodal, Ceynak, Sertel and Galata, large air cargo companies such as Turkish Cargo, Lufthansa and Skyair, software companies such as Soft, Xinerji, Siber and Select, large logistics companies such as Sarp Intermodal, Sertel Logistics, Sarp Logistics, Arkas Logistics and Galata Transport and many other participants such as Yeşilyurt, Ceynak, Transorient, Oregon, Fevzi Gandur look forward to November 2019 to introduce their new products and services. International companies such as Durmaz, Eurowag, Tallink Silja Oy, Wise Tech Global and Verimex360 have already booked their places in the exhibition which is participated by around 50 percent of international companies. In addition to Germany, France and Austria pavilions, Canada, Iran and China pavilions are also expected to be opened at the exhibition this year. ■

global brands. To be organized for the 13th time this year, the International logitrans Transport and Logistics Exhibition creates a platform deserved by the logistics industry of Turkey thanks to participants and visitors from 5 continents."

logitrans Exhibition is actively promoted by the sales network operating in around 50 countries of Messe München, being the shareholder of the organizer EKO MMI Fairs and organizing the largest transport logistics fairs in the world in four continents, especially in Munich and Shanghai. Supported by umbrella organizations for different transport modes in Turkey including especially International Transporters Association, Association of International Forwarding and Logistics Service Providers (UTİKAD), the Service Exporters Association established under the Turkish Exporters Assembly (TİM) and Railway Transport Association (DTD), logitrans is also supported by international associations and federations in many countries from Germany to USA, from Russia and Pakistan to Iran.

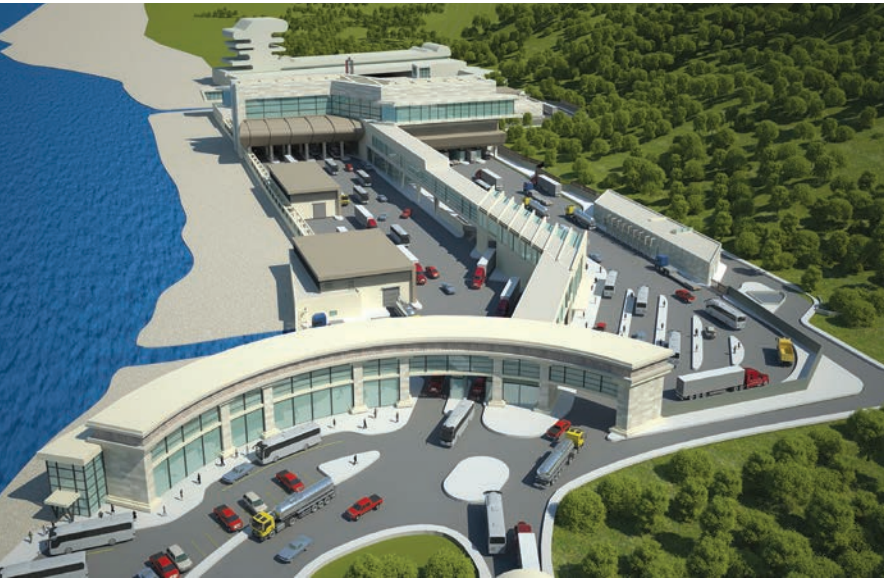
Altınay Bekar defines logitrans Exhibition as follows: "logitrans Exhibition is an event designed to include all parts of the entire supply chain and a platform which provides solutions to various logistics needs ranging from storage to transport and from port services to formation of trade fleets of different sectors such as automotive, chemistry, textiles, food,

## logitrans TURKEY

international transport  
logistics exhibition

construction and industry. logitrans is a full-package event which brings together the companies with their existing and potential customers and business partners at senior level meetings and ensures that they contribute to the development of the industry with forums, seminars and conferences which allow for qualified knowledge exchange with international participants for three days." Reminding that they work hard to reach out the industrial companies across Turkey with the visits they pay to different cities, in addition to their international visits, Altınay Bekar made the following remarks: "We have a busy visit schedule with visits extending from İzmir to Gaziantep, from Bursa to Adana. logitrans hosts new companies with different digital logistics solutions every year. We visit every businessman in Anatolia in order to invite them to personally try these innovations. We also remind them that a crucial event will be organized in Turkey since it attracts the attention of the global logistics world and this event will provide the transport companies based outside İstanbul to extend their business borders and find business partners from Europe, Africa and

# MODERNIZATION CONTINUES AT TURKISH BORDER GATES



► Serving now as fully modernized, Sarp Border Gate located on the borders between Turkey and Georgia hosts 7 million pedestrians and 700 thousand vehicles in transit. Being the most important border gate opening from Turkey to Georgia and renovated by the Union of Chambers and Commodity Exchanges of Turkey (TOBB) with the build-operate-transfer model, Sarp Border Gate has been opened with a grand ceremony attended by famous names including Minister of Trade Ruhsar Pekcan and TOBB Chairman M. Rifat Hisacklioğlu, amongst others. Emphasizing that the Ministry of Trade is always there to support the business world, the Minister of Trade

Ruhsar Pekcan talked as follows in his speech at the ceremony: "We will always strive for ensuring that the customs transactions are completed

**Ruhsar Pekcan**  
Minister of Trade



as faster, easier, cheaper, more reliable and more transparent. To this end, we have taken serious steps in terms of digitalization. We do good things and will take it further."

Noting that he has discussed the development of the cooperation between Turkey and Georgia with the Minister of Economy and Sustainable Development George Kabulia of Georgia, Mr. Pekcan further commented as follows: "We have talked about the development of transit trade, making the passenger entries-exits more easier, increasing the trade volume and data sharing at customs and mutual digital data exchange between customs. There are global data supporting that these actions will yield good results. According to the OECD data, a one day wasted at customs causes a 4 percent loss in terms of trade volume. The companies with strong logistics operations achieve a domestic income increase of 1 percent and a

**Turkey has been renovating its border gates, especially the ones buzzing with trade activities, in the recent years. Kapıköy Border Gate located on the borders with Iran and Sarp Border Gate located on the borders with Georgia are the latest renovated border gates and now are available as fully modernized.**



trade volume increase of 2 percent. In the light of these data, we do not have any time to waste at customs. We have to complete the customs transactions in a fast, reliable, cheap and transparent way. I am aware that the Ministry and all my friends here work with this principle in mind. The customs are doors leading to richness and wealth. And the trade is the key to these doors."

#### **Turkish Border Gate Opening to the Central Asia**

According to Minister Pekcan, Georgia is the gate of Turkey opening to Central Asia, Mongolia and China, in addition to being one of the most important trade partners of Turkey. Noting that this has to be utilized well, Minister Pekcan has made the following remarks: "Sarp Border Gate receives the highest number of pedestrians crossing borders in Turkey. The border gate hosts around 7 million pedestrians and

700 thousand vehicles in transit. 26 percent of the passengers entering to or exiting from Turkey use Sarp Border Gate. Due to the land problem, the customs area has been increased only from 36 to 46 decares. If only we had a larger area, then we would have a larger service capacity". Minister Pekcan also added that the number of platforms have been increased from 8 to 12 including 6 ones for entries and 6 for exits.

#### **Kapıköy Border Gate on Iranian Borders is Renovated**

Modernized in order to develop the trade between Turkey and Iran, Kapıköy Border Gate has been completed and is now operational. Started to be constructed 2 years ago

in Van with the longest borderline with Iran in order to develop the trade between the two countries, Kapıköy Border Gate is now available for service. The border gate connecting Van and Hoy, Iran within a 90-kilometer distance from each other is located on an area of 70 thousand square meters including open - closed and green areas. Equipped with all tools and equipment expected from a state of art border gate including the state of art entry-exit platforms, an administrative affairs building, other official buildings, a smuggled goods warehouse, a research warehouse and X-Ray scanning systems, Kapıköy Border Gate is now among the most modern land border gates of Turkey. ■

# TURKISH PORTS HANDLED MORE CONTAINERS IN 2018

*The number of containers handled by Turkish ports increased by 8 percent to 10 million and 843 thousand TEUs in 2018. Ambarlı Port in İstanbul ranks the first in container handling with 3 million and 169 thousand TEUs.*

► In 2017, Turkish ports handled 10 million and 10 thousand and 536 TEUs of containers. Despite the contraction in the world, the number of containers handled by Turkish ports in 2018 increased to 10 million and 843 thousand 998 TEUs, with a rise of 8 percent.

The Turkish ports handled 8 million and 419 thousand TEUs of export and import goods, 1 million and 489 thousand TEUs of transit goods and 935 thousand TEUs of coasting trade goods last year. The loaded export, coasting trade and transit goods amounted to 5 million and 457 thousand TEUs last year.

The total unloaded goods, on the other hand, including import, coasting trade and transit goods, was 5 million and 386 thousand TEUs of containers.

According to the data by the General Directorate of Maritime Trade, Ambarlı Port took the first place with 3 million and 169 thousand TEUs of containers handled. Mersin and Kocaeli ports followed Ambarlı port with 1 million and 662 thousand TEUs and 1 million and 597 thousand TEUs, respectively. ■

## Container Handling Performance of Ports (TEU)

|                       |           |
|-----------------------|-----------|
| Ambarlı Port .....    | 3.169.535 |
| Mersin Port .....     | 1.162.360 |
| Kocaeli Port.....     | 1.597.620 |
| Tekirdağ Port.....    | 1.084.196 |
| Aliğa Port .....      | 944.705   |
| Gemlik Port .....     | 854.698   |
| İzmir Port .....      | 610.908   |
| İskenderun Port ..... | 512.300   |
| Antalya Port.....     | 190.841   |
| Samsun Port .....     | 69.235    |



# HOW DID TURKISH AIRLINES MOVE TO ITS NEW HOME?

***The move to İstanbul Airport -the largest known migration in the aviation sector- is completed with great success. Being the logistics company behind the move of Turkish Airlines to its new home, Arkas Logistics finished the move with 13 hours less than the planned 45 hours and with zero occupational accident thanks to its "Logistics Engineering".***

- Turkish Airlines has moved its operations from Atatürk Airport in Yeşilköy to its new home at İstanbul Airport. Started at 03:00 on April 5, Friday and initially planned to be completed in 45 hours, the final move operation reached a 96 percent completion rate in 33 hours and was completed at 20:00 on April 6, Saturday.

Having worked uninterruptedly in two shifts with 1805 employees and 1557 vehicles, Arkas Logistics transported 5 thousand trailers of goods including more than 10 thousand parts from aircraft tow tractor apparatus of 44 tons to very sensitive tools.

Focusing on delivering speed and safety, the move operation has

utilized project specific tracking systems, traffic control rooms, vehicle driver tracking systems, online goods movements, barcoding systems, special equipment and special project trainings.

Thanks to the eight main loading stations on Atatürk Airport and eight main unloading stations on İstanbul Airport, the move has been tracked step by step with data evaluation centers. ■

## Big Migration by Figures

|                                                               |                                               |
|---------------------------------------------------------------|-----------------------------------------------|
| Number of Equipment Transported:.....                         | 10.459                                        |
| Number of Vehicle Equipment Used:.....                        | 1557                                          |
| Number of Project Personnel: .....                            | 1.805                                         |
| Length of Vehicles Transporting the Goods When Lined up:..... | 80.000 Mt. (80 Kms.)                          |
| Area Covered by Trans. Equipment: .....                       | 242.555 Sq m (242 Decares) 33 Football Fields |
| Total Weight of Transported Equipment: .....                  | 47.360.000 Kg. (47.360 Tons)                  |
| Total Length of Equipment Transported:.....                   | 121.100 Mt. (121 Km.)                         |
| Total Kilometers Traveled by Vehicles:.....                   | 400.000 Km.                                   |
| Total Distance Traveled by Vehicles:.....                     | Equivalent of 10 tours around the world       |

## IRU REPORTS:



# 'A FIFTH OF DRIVER POSITIONS UNFILLED IN THE EUROPEAN ROAD TRANSPORT SECTOR'



*The European road transport sector is facing the most acute professional driver shortage in decades, a new report by the International Road Transport Union (IRU) has found.*

- The report is based on insight from stakeholders across the European transport industry and drawn from two surveys conducted by IRU.

Polling of IRU members and associated organisations in Europe from October 2018 to January 2019 revealed a visible driver shortage of 21 percent in the freight transport sector and 19 percent in the bus and coach sector. The problem is accelerating, with the shortfall predicted to reach 40 percent in both sectors as demand grows in 2019.

Boris Blanche, IRU's Managing Director commented: "The transport industry needs to take immediate and decisive action to tackle the driver shortage. Left unchecked, it will have serious implications for the European economy and lead to rising costs for businesses, consumers and passengers.

"But there is no shortage of opportunity in this profession. In fact, our research found that job satisfaction tends to be high, with

only 20 percent of drivers surveyed expressing any dissatisfaction with their work."

## **What's causing the driver shortage?**

According to IRU's research:

- 57 percent of male drivers and 63 percent of female drivers believe the poor image of the profession is stifling recruitment.
- 79 percent of drivers believe the difficulty of attracting women to the profession is one of the top reasons for the driver shortage. This is underlined by data from the International Transport Forum, showing female drivers make up just 2 percent of European road transport drivers.
- 70 percent of drivers aged 25-34 believe the difficulty of attracting young drivers is one of top reasons for the driver shortage.
- Amongst drivers, 76 percent believe that working conditions, and 77 percent think long periods away from home deter many from entering the profession.



• The industry also suffers from an ageing labour force. In Europe the majority of freight transport sector companies are employing drivers whose average age is 44 years old, while in the passenger transport sector the average age of their employed drivers is 52 years old. Mr Blanche continued, "A global effort must be made to address negative misperceptions and improve the image of the profession. At the same time, all industry stakeholders must act to improve working conditions in the sector. The treatment of drivers should be improved, with adequate and sufficient infrastructure and facilities provided.

"For industry to attract a new and diverse workforce, particularly increasing the employment of young people and women, a more inclusive recruitment policy must be put into place across the sector."

### The IRU Driver Shortage Road Map

To address these challenges, IRU has worked in close co-operation with its members to create an action plan of short, medium and long-term measures.

IRU has already taken steps, including the regular collection of solid company data, to find facts and monitor trends. It has launched a joint initiative with the European Shippers Council (ESC) to develop common principles aimed at improving the treatment of drivers at delivery sites. IRU has also established an expert group to address driver training legislation and its effectiveness.

IRU will set up a Women in Transport Network, aimed at increasing the number of women in the transport sector and their representation at all working levels as well as to promote transport as an attractive



field for women to work in. It will contribute to incentives such as creating awards for female drivers and best performing companies in terms of recruitment, inclusiveness and retention.

Matthias Maedge, IRU's General Delegate, warned: "Already the driver shortage is creating serious headaches for transport operators, impacting the people and businesses that rely on their services. Unfortunately, this is only set to worsen. We should not be fooled into thinking automation will solve this issue. There is still some way to go until the road transport industry sees full automation, and the partial adoption we are currently witnessing will require a sizeable workforce with an increasingly diverse skillset. This makes the need for decisive action to attract new talent all the more immediate.

"IRU has made the driver shortage one of its key priorities for 2019. We will work with public and private stakeholders such as national governments, local authorities, and social and industry partners to find solutions to address the impending crisis." ■

• In the UK, the country's exit from the European Union arrives just as its shortage of drivers is estimated to be growing at a staggering rate of 50 drivers per day.

• The average driver age in Germany is now over 47, meaning that some 40% of the truck and 55% of bus driver workforce is expected to retire by 2027, creating a shortfall of around 185,000 drivers.

• In Belgium, bus operators estimate that the needs of the industry will require them to hire 28% more drivers than levels in 2018, resulting in a driver shortage of almost 50%.

• In Norway truck companies estimate that their demand for drivers will increase by 12% in 2019. Combined with the 22% vacancy rate identified in 2018, this will increase their driver shortage to 35%.

• Truck companies in Romania faced a driver shortage of 37% in 2018 and indicated that 32% more drivers would be needed for growth in 2019, creating a driver shortage of almost 70% if the problem is not addressed.

# TRANSPORTATION OF LIVE ANIMALS BY AIR

► A new standardized global certification program to improve the safety and welfare of animals travelling by air which has been launched by The International Air Transport Association (IATA) provides stakeholders across the air cargo supply chain with the assurance that CEIV Live Animals certified companies are operating to the highest standards in the transport of live animals. "In a per year millions of animals travelled safely and securely by air. Animal owners and shippers rely heavily on airlines to carry their precious cargo. As an industry, we have a duty of care to ensure that standards and best practices are in place around the world to protect the welfare of these animals. For those shipping live animals the CEIV Live Animals program will provide a reliable quality benchmark. Just as CEIV Pharma helped provide quality standards for temperature sensitive healthcare shipments, the new program extends that expertise to the important field of transporting and handling of animals," said Nick Careen IATA's Senior Vice President of Airport, Passenger, Cargo and Security.

## Handling and Transporting Live Animals is Challenging

Handling and transporting live animals is challenging. Each type of animal has its specific requirements- not limited to the physical. It is critical to take into consideration



the emotional response of the animals when placed in a special-purpose, if unfamiliar, environment by trained professionals. These were prerequisites for the development of the CEIV Live Animals program which is based on the IATA Live Animals Regulations (LAR), the worldwide standard for transporting animals by air. The IATA LAR are based on professional and operational input from industry experts, including veterinarians, animal welfare experts as well as government agencies involved in the regulation of animal transportation and non-governmental organizations with an interest in animal transportation.

The CEIV Live Animals program increases the level of competency, operations, quality management and professionalism in the handling and transportation of live animals in the air freight industry while reinforcing training and compliance across the supply chain. Independent validators conduct training and onsite audits to ensure the animals' safety and welfare when travelling by air across the world.

## 16,000 Dogs and Cats, 400 Horses, 200,000 Reptiles, 2,000 Birds

Understanding the complex needs of stakeholders involved in the handling and transportation of animals by

***Each type of animal has its specific requirements-not limited to the physical. It is critical to take into consideration the emotional response of the animals when placed in a special-purpose, if unfamiliar, environment by trained professionals.***

air was also key in developing the program. The City of London's Heathrow Animal Reception Centre (HARC) and Air Canada Cargo played a key role in helping to pilot the CEIV Live Animal program.

Robert Quest, Assistant Director, Port Health and Public Protection, HARC said, "Last year (2017) some 16,000 dogs and cats, 400 horses, 200,000 reptiles, 2,000 birds and 28 million fish travelled through HARC. Ensuring the safety and welfare of these animals is our main priority. So partnering with IATA to develop the CEIV Live Animals program was important to us. We look forward to continuing to work closely with IATA to further enhance the program and support its

worldwide adoption by companies across the supply chain in the pursuit of operational excellence in the handling and transport of live animals by air."

Air Canada Cargo, Vice President Tim Strauss said, "Whether it is a family relocating with their pet, a flock of sheep relocating overseas or zoo animals travelling to support conservation efforts, transporting animals by air is a complex and highly planned operation. Ensuring that animals travel in safe, healthy and humane conditions requires coordination across the supply chain. Air Canada Cargo is delighted to be part of the CEIV Live Animals program."



### **Endangered Species Also Addressed**

CEIV Live Animals also focuses on the importance to comply with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) requirements including the CITES Guidelines for the Non-Air Transport of Live Wild Animals and Plants available in the LAR. CITES is the legally-binding agreement with 183 Parties (182 States and the EU), regulating international trade in more than 36,000 species of animals and plants. "Worldwide international standards and regulations govern the safety and welfare of animals being transport by air. The CEIV Live Animals program helps to ensure that any legitimately traded wildlife adheres to the IATA standards and CITES requirements and we welcome its development. It is through industry working cooperatively together that can we can most effectively implement these agreed standards and requirements, and also identify and tackle illegal trade in wildlife," said John E Scanlon, the Secretary General of CITES. ■



- Transportation of live animal by air is 1% of air cargo volume.
- The most common animal shipped is fish. Ornamental fish is estimated to be a \$3 billion industry worldwide, more than half of that from Asia.
- More than a million cattle being moved by air benefiting from the best transport condition and shorter trips.

# EASTERN PARTNERSHIP: COMMISSION SETS OUT INVESTMENT ACTION PLAN OF €13 BILLION

***“Enhanced transport connectivity both within the Eastern Partnership region, and between the EaP region and the EU has the potential to bolster economic growth and create job opportunities.”***

► In a bid to boost connectivity and economic growth in the Eastern Partnership (EaP) countries, the European Commission and the World Bank have co-authored an Indicative trans-European Transport Network (TEN-T) Investment Action Plan that

identifies priority projects in Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova and Ukraine. Together, the projects will require an estimated investment of almost €13 billion and foresee a total of 4.800 kilometers of road and rail, 6 ports, and 11 logistics

centers.

Commissioner Johannes Hahn, responsible for European Neighborhood Policy and Enlargement Negotiations, underlined “The completion of the Indicative TEN-T Investment Action Plan is a joint commitment to deliver tangible results for citizens across the region. The Plan will assist decision-makers in prioritizing strategic investments in transport infrastructure with the aim of completing the TEN-T network defined as one of the 20 deliverables for 2020 in the Joint Declaration of the last Eastern Partnership Summit in Brussels.” Commissioner for Transport Violeta Bulc said: “Enhanced transport connectivity both within the Eastern Partnership region, and between the EaP region and the EU has the potential to bolster economic growth and create job opportunities. The Plan shall also serve to highlight the importance of road safety as well as digital solutions in new projects, and to align design standards with current EU practices.”





# SIXTH EC REPORT ON RAIL MARKET DEVELOPMENT ISSUED

*In 2016, EU freight traffic volumes reached 419 billion tonne kilometres out of 2.5 trillion of land transport overall. Around half of total rail freight is cross-border.*

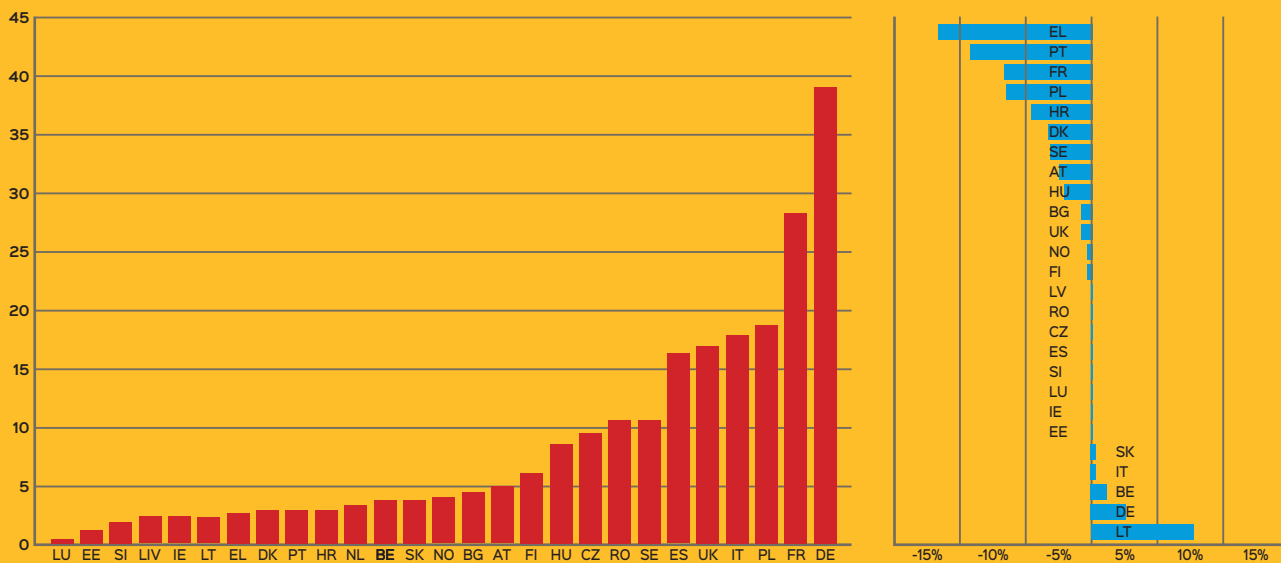
► European Commission submitted the sixth report on monitoring development of the rail market to the European Parliament and the Council in February 2019. The introduction of the report explained that the rail sector made a substantial contribution to the EU economy, directly employing over 1 million people and the European rail

transports some 1.6 billion tonnes of freight each year.

As informed in the report, the total length of the EU rail network in 2016 was around 221.000 line kilometres. The density of national rail networks reflects countries' different geographical characteristics, with the Nordic and Baltic countries showing the lowest

densities of rail network relative to surface area and the highest relative to population. Around 54 % of the EU network was electrified in 2016, with an additional 2.097 km of electrified route since 2011. The EU's high-speed network stretched to over 8.400 line kilometres by the end of 2017, and has more than doubled in length since 2003.

## LENGTH OF NATIONAL NETWORKS IN 2016 AND RELATIVE CHANGE, 2011-2016



Source: Statistical pocketbook, 2018. Infill data from various other sources.

In 2016, EU freight traffic volumes reached 419 billion tonne kilometres out of 2.5 trillion of land transport overall. Around half of total rail freight is cross-border. This lends rail freight a strong European dimension, and makes it even more sensitive to a lack of interoperability and cooperation between national rail networks that can affect its competitiveness.

On the modal share, since the peak in 2011 (19 %), the rail share in EU land freight has decreased, although managed to remain at around 17 % in 2016, while the road share has increased from 75 % to 76 %.

The report by the European Commission includes the evolution of framework conditions in the rail sector in terms of infrastructure charging; capacity allocation, infrastructure limitations and barriers to more effective rail services; infrastructure expenditure and funding; quality of rail transport services; public service contracts; licensing; degree of market opening and utilisation of access rights, and employment and social conditions. As a result of the comprehensive studies included in the report, it has been concluded that EU railways continue to grow, with passenger volumes in particular increasing significantly between 2011 and 2016. However, freight volumes remain volatile and led to a loss of modal share in comparison with road transport in 2016. At the same time, rail markets are gradually opening up and safety levels remain high. The industry is gradually becoming more performance-based, innovative and responsive to customer needs. The background of substantial change within the industry was driven by the structural changes initiated by EU



legislation more than 20 years ago and concluded by the adoption of the Fourth Railway Package in 2016. Implementation of the package's technical pillar from June 2019 will further improve interoperability between national rail networks. It will also cut red tape for operations beyond one single Member State and strengthening the role of the European Union Agency for Railways. On the rail freight's struggle to grow modal share, the international nature of these services makes them sensitive to interoperability barriers and cross-border coordination issues. To tackle the situation, the Commission is pursuing an agenda of complementary initiatives and measures. The Commission's long-standing policy of achieving interoperability (including the efficient and coordinated deployment of ERTMS has been strengthened recently, with the focus on

solving practical cross-border operational issues.

The Commission's infrastructure development policy in the form of the Trans-European Transport Network (TEN-T) policy aims to improve infrastructure by addressing bottlenecks and missing links.

Under the next financial period, the Commission has proposed to use Connecting Europe Facility 2, Cohesion Fund, European Regional Development Fund and InvestEU financial support to speed up also rail digitalisation. To help the rail industry access finance, the Commission is developing a methodology to assess the green components in rail projects under its action plan on sustainable finance. According to the Report, the rail freight corridors remain a key part of the Commission's policy to boost rail freight. The Rail Freight Regulation and Train Drivers Directive are still being evaluated. To bolster rail freight, in November 2017 the Commission proposed amending Combined Transport Directive 92/106/EC as part of its second mobility package to provide new and more effective support measures for shifting freight from road to rail. ■



Source: [https://ec.europa.eu/transport/modes/rail/market/market\\_monitoring\\_en](https://ec.europa.eu/transport/modes/rail/market/market_monitoring_en)

# ON THE AGENDA OF INTERNATIONAL LOGISTICS CIRCLES

*The two sectors of industry for which long waiting times at the borders will be particularly difficult from a logistical point of view in the event of a "no deal" are food and automobiles.*

► While Brexit stands as an open issue with many uncertainties, logistics circles discuss the outcomes of a no-deal exit from various aspects. According to the report published by Bundesvereinigung Logistik (BVL) of Germany, this topic was at the top of their agenda at various events. The logistics sector believes that the impact of the UK leaving the European Union should not be underestimated. During the Forum Automotive Logistics of BVL and VDA in Munich, BMW Board member Oliver Zipse explained that "the consequences of a hard Brexit are akin to those of a natural disaster." The production operations of the Bavaria-based car maker are internationally interconnected, and the company has already spent months preparing for the ever more probable event of a no-deal Brexit. Professor Hans-Werner Sinn, former President of the ifo Institute, was even more emphatic, saying that "Brexit will destroy the post-war order of Europe". He is of the opinion that Brexit would not only be accompanied by temporary inconveniences, predicting that the entire European economic region would be at risk of protectionist policies for a matter of decades. "We should not forget that it was the acceptance of Britain into the EEC that first opened the door for international trade and enabled Germany to conquer the world's markets", Sinn stressed. In view of the fact that the UK has the second highest gross domestic product in the EU, Sinn says that Brexit would be "equivalent to 19 smaller EU member states leaving the Union". Sinn also doubted whether the backstop agreement currently being discussed would be able to command a majority in the British parliament. He further said that the customs issue on the border between Northern Ireland and the Republic of Ireland does not



appear to have a “solution that not only maintains national integrity but also rules out the risk of the resurgence of the IRA.”

### **BVL tackles the topic ‘Brexit and the Consequences for Logistics’**

“The British don’t really have a negotiating position; they are busy negotiating with each other, and the situation is totally confused”, said Stefanie Eich, Brexit expert at federally-owned Germany Trade & Invest, at a BVL event on the topic “Brexit and the Consequences for Logistics” at the end of January in Brexit - Consequences for Logistics Cologne. Alan Braithwaite, Logistics Professor at Cranfield School of Management, believes that the British government has lost control of the process. “There’s no majority for ‘no deal’ but it could still happen by accident”, Braithwaite said in Cologne, adding that the EU is, however, still ignoring this risk. In terms of trade, the first thing that will happen is that WTO rules and the corresponding customs tariffs will come into effect. In order to cope with this eventuality, Germany, France, the Netherlands and Belgium are preparing to deploy hundreds of additional customs personnel. Experts in the UK predict that the country will even need as many as 5,000 additional staff. In many companies, neither the office employees nor the drivers possess any extensive knowledge of customs activities. In the context of the internal market, these skills were simply no longer required. In Braithwaite’s opinion, the two sectors of industry for which long waiting times at the borders will be particularly difficult from a logistical point of view in the event of a “no deal” are food and automobiles - due to the cold chain and product shelf life in the first case and due to the precision-timed supply chains in the second. BMW and Honda have already announced their

plans to temporarily halt production at locations in the UK immediately after the Brexit deadline. Thomas Pütter, who for some time now has been involved with the preparations for Brexit at the Nagel Group, a logistics provider in food logistics, emphasises the serious lack of planning certainty. He sees the Calais-Dover bottleneck as a particular problem due to the lack of alternative routes. Longer customs clearance times could result in long tailbacks. Pütter said that it is difficult to predict how the flows of goods will change and that the same applies to the price of freight transport, cabotage rules, recognition of driver’s licences, the relocation of production locations or residence and work permits for employees who do not hold British nationality.

### **IRU’s Outlook on Brexit**

The decision by the United Kingdom to leave the European Union will have many practical implications for international road transport. As the UK triggers Article 50 of the Treaty of the European Union, IRU urges a rapid resolution of the numerous issues that will need to be addressed. “The industry must have clarity in order to facilitate proper business planning for the transport operators we represent through our members. It is also essential that the industry’s views are taken into account during the negotiating process. A failure to address these practical issues within the two year negotiating period, laid out in the Treaty, could reduce trade, damage jobs and economic growth, significantly disrupt supply chains and bring confusion and uncertainty to journeys to and from the UK. Similarly there must be a sufficient transition period to allow all operators to plan and adapt to any newly negotiated regime. No deal is not an option,” declares IRU report. ■

## **IRU List of the Issues That the Road Transport Industry must See Addressed:**

- Access to the profession of road transport operator - training of company managers, financial standing, good reputation of the company - all require harmonisation.
- Access to the road transport market - who can drive where, when and for how long, including whether Cabotage will be permitted by UK operators in the EU and vice versa.
- Social conditions and access to the labour market – for example, what driving and rest time rules, and minimum wage rules apply? A significant number of EU nationals are employed by UK road transport firms; driver shortage remains a pan-European issue.
- Customs procedures, supporting infrastructure and border issues. Secure parking and customs clearance facilities will be needed and must support rapid movement. Will the UK require TIR or other customs documents and processes, especially for Irish hauliers passing through UK territory? How will passengers be processed? Will there be a requirement for advance Passenger Name Records, for example?
- Traffic rules and enforcement – how will traffic fines be collected?
- Transport documents and mutual recognition. What documents will be accepted, will training courses be mutually recognised, can digital transport documents be used?
- Weights and dimensions of vehicles - will the current EU rules continue to apply in the UK or for UK vehicles in the EU?

# THE AIR CARGO GROWTH RATE IN 2018 SLOWER THAN EXTRAORDINARY 9.7 % GROWTH IN 2017

***Air freight market showed an extraordinary growth in 2017. However, in 2018, air cargo performance was slower than 2017 increasing only 3.5 %. Freight capacity, however, grew by 3.8 %. International e-commerce grew in 2018 which was a positive factor for the year. The downwards trend in growth rate continued in the two months of 2019. Alexandre de Juniac, IATA's Director General and CEO said: "We are cautiously optimistic that demand will grow in the region of 3.7% in 2019."***

► International Air Transport Association (IATA) released full-year 2018 data for global air freight markets showing that demand, measured in freight tonne kilometers (FTKs) grew by 3.5 % compared to 2017. This was significantly lower than the extraordinary 9.7 % growth recorded in 2017. Freight capacity, measured in available freight tonne kilometers (AFTKs), rose by 5.4 % in 2018, outpacing annual growth in demand. This exerted downward pressure on the load factor but yields proved resilient. Air cargo's performance in 2018 was sealed by a softening in demand in December. Year-on-year, December demand decreased by 0.5 %. This was

the worst performance since March 2016. Freight capacity, however, grew by 3.8 %. This was the tenth month in a row that year-on-year capacity growth outstripped demand growth.

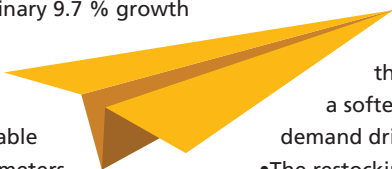
International e-commerce grew in 2018 which was a positive factor for the year. Yet, there was a softening of several key demand drivers:

- The restocking cycle, during which businesses rapidly built up inventories to meet demand, ended in early 2018;
- Global economic activity weakened;
- The export order books of all major exporting nations, with the exception of the US, contracted in the second half of 2018;
- Consumer confidence weakened

compared to very high levels at the beginning of 2018.

## **Weakening Global Trade and Air Cargo**

"Air cargo demand lost momentum towards the end of 2018 in the face of weakening global trade, sagging consumer confidence and geopolitical headwinds. Still, demand grew by 3.5 % compared to 2017. We are cautiously optimistic that demand will grow in the region of 3.7 % in 2019. But with the persistence of trade tensions and protectionist actions by some governments there is significant downside risk. Keeping borders open to people and to trade is critical," said Alexandre de Juniac, IATA's Director General and CEO. "To attract demand in new market segments, the air cargo industry





exception of Africa reported an annual increase in demand in 2018. Asia-Pacific carriers posted the weakest growth of any region in December 2018 with a decrease in demand of 4.5 % compared to the same period a year earlier. Capacity increased by 2.6 %. The weaker performance in December contributed to growth in freight demand of only 1.7 % in 2018 compared to 2017. Annual capacity increased by 5.0 %. The weaker performance of Asia-Pacific carriers in 2018 largely reflects a slowing in demand for exports from the region's major exporters, i.e. China, Japan and Korea. Signs of a moderation in economic activity in China and an escalation of trade tensions continue to pose a downside risk to air cargo in Asia-Pacific.

#### **North American Airlines Posted the Fastest Growth**

North American airlines posted the fastest growth of any region for the seventh consecutive month in December 2018 with an increase in demand of 2.9 % compared to the same period a year earlier. Capacity increased by 4.5 %. This contributed to an annual growth in demand in 2018 of 6.8 %, matching the rate of capacity increase. The strength of the US economy and consumer spending have helped support the demand for air cargo over the past year, benefiting US carriers.

#### **1.9 % Year-On-Year Increase From European Airlines**

European airlines posted a 1.9 % year-on-year increase in freight demand in December 2018 and a capacity rise of 3.7 %. The improved performance in December contributed to an annual growth in demand for air cargo of 3.2



**Alexandre de Juniac**  
IATA's Director General and CEO

must improve its value proposition. Enabling modern processes with digitalization will help build a stronger foothold in e-commerce and the transport of time- and temperature-sensitive goods such as

pharmaceuticals and perishables," said de Juniac.

#### **Increasing Performance in All Regions Except Africa**

Airlines in all regions with the

% in 2018. Capacity increased by 4.3 % in the same year. Weaker manufacturing conditions for exporters, particularly in Germany, one of Europe's key export markets, along with mixed economic indicators impacted demand in 2018.

Meanwhile Middle Eastern carriers' freight volumes increased 0.1 % year-on-year in December and capacity increased by 4.5 %. This contributed to an annual increase in demand of 3.9 % in 2018 – the third fastest growth rate of all the regions. Annual capacity increased 6.2 %. The region continues to be affected by geopolitical issues.

#### Decrease in Latins Region

Latin American airlines experienced a decrease in year-on-year demand of 0.1 % in December after three months of positive growth. Capacity increased by 6.0 %. Despite a decrease in demand, it's worth noting that South America market continues to perform strongly, with international demand up almost 20 % year-on-year. Annual growth in freight demand among Latin America carriers in 2018 increased by 5.8 % - the second fastest of all regions. Annual capacity increased by 3.4 % in 2018.

African carriers saw freight demand



decrease by 2.2 %, in December 2018, compared to the same month in 2017. This was significantly less than the 9.4 % decrease the previous month. Capacity increased by 4.9 % year-on-year. It's worth noting that seasonally-adjusted international

freight volumes, despite being 7.7 % lower than their peak in mid-2017, are still 50 % higher than their most recent trough in late-2015. Annual growth in freight demand among Africa carriers in 2018 decreased by 1.3 % and capacity grew by 1.0 %. ■

| December 2018<br>(% year-on-year) | World<br>Share <sup>1</sup> | FTK          | AFTK        | FLF<br>(%-pt) <sup>2</sup> | FLF<br>(level) <sup>3</sup> |
|-----------------------------------|-----------------------------|--------------|-------------|----------------------------|-----------------------------|
| <b>TOTAL MARKET</b>               | <b>100.0%</b>               | <b>-0.5%</b> | <b>3.8%</b> | <b>3.8%</b>                | <b>48.8%</b>                |
| AFRICA                            | 1.7%                        | -2.2%        | 4.9%        | -2.8%                      | 38.1%                       |
| ASIA PACIFIC                      | 35.4%                       | -4.5%        | 2.6%        | -4.1%                      | 54.0%                       |
| EUROPE                            | 23.3%                       | 1.9%         | 3.7%        | -1.0%                      | 56.7%                       |
| LATIN AMERICA                     | 2.6%                        | -0.1%        | 6.0%        | -1.8%                      | 29.1%                       |
| MIDDLE EAST                       | 13.3%                       | 0.1%         | 4.5%        | -2.1%                      | 48.8%                       |
| NORTH AMERICA                     | 23.7%                       | 2.9%         | 4.5%        | -0.6%                      | 41.4%                       |

<sup>1</sup>% of industry FTKs in 2018

<sup>2</sup>Year-on-year change in load factor

<sup>3</sup>Load factor level



### ► The Beginning of 2019; Worst Performance in the Last Three Years

The International Air Transport Association (IATA) released a recent data for global air freight markets showing that demand, measured in freight tonne kilometers (FTKs), decreased 4.7 % in February 2019, compared to the same period in 2018 following the same performance in January. This was the fourth consecutive month of negative year-on-year growth and the worst performance in the last three years.

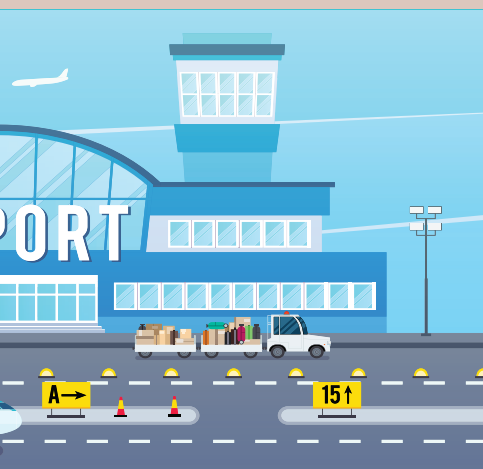
Freight capacity, measured in available freight tonne kilometers (AFTKs), rose by 2.7 % year-on-year in February 2019. This was the twelfth month in a row that capacity growth outstripped demand growth.

#### Reasons For Weak Performance

Demand for air cargo continues to face significant headwinds:

- Trade tensions weigh on the industry;
- Global economic activity and consumer confidence have weakened;
- And the Purchasing Managers Index (PMI) for manufacturing and export orders has indicated falling global export orders since September 2018.

#### We All do Better When Borders Are Open to People and to Trade



"Cargo is in the doldrums with smaller volumes being shipped over the last four months than a year ago. And with order books weakening, consumer confidence deteriorating and trade tensions hanging over the industry, it is difficult to see an early turnaround. The industry is adapting to new markets for e-commerce and special cargo shipments. But the bigger challenge is that the trade is slowing. Governments need to realize the damage by protectionist measures. Nobody wins a trade war. We all do better when borders are open to people and to trade," said Alexandre de Juniac, IATA's Director General and CEO.

#### The Winner is Latins Only

According to data released by IATA all regions reported a contraction in year-on-year demand growth in February 2019 except for Latin America.

- Asia-Pacific airlines saw demand for air freight contract by 11.6 % in February 2019, compared to the same period in 2018. Weaker manufacturing conditions for exporters in the region, ongoing trade tensions and a slowing of the Chinese economy impacted the market. Capacity decreased by 3.7 %.
- North American airlines saw demand contract by 0.7 % in February 2019, compared to the same period a year earlier. This was the first month of negative year-on-year growth recorded since mid-2016, reflecting the sharp fall in trade with China. North American carriers have benefited from the strength of the US economy and consumer spending over the past year. Capacity increased by 7.1 %.

#### Brexit and the German Effect

- European airlines experienced a contraction in freight demand of 1.0 % in February 2019 compared to a year ago. The decline is consistent with weaker manufacturing conditions for exporters in Germany, one of Europe's major economies. Trade tensions and

uncertainty over Brexit also contributed to a weakening in demand. Capacity increased by 4.0 % year-on-year.

#### Strong Performance in Latin American Airlines

• Latin American airlines posted the fastest growth of any region in February 2019 versus last year with demand up 2.8 %. Despite the economic uncertainty in the region, a number of key markets are performing strongly. Seasonally-adjusted international freight demand achieved growth for the first time in six months. Capacity increased by 14.1 %.

• Middle Eastern airlines' freight volumes contracted 1.6 % in February 2019 compared to the year-ago period. Capacity increased by 3.1 %. A clear downward trend in seasonally-adjusted international air cargo demand is now evident with weakening trade to/from North America contributing to the decrease.

• African carriers saw freight demand decrease by 8.5 % in February 2019, compared to the same month in 2018. Seasonally-adjusted international freight volumes are lower than their peak in mid-2017; despite this, they are still 25 % higher than their most recent trough in late-2015. Capacity grew by 6.8 % year-on-year.

#### "We Call Aviation the Business of Freedom"

In a statement issued by IATA, Alexandre de Juniac, IATA's Director General and CEO said: "The need to keep the world trading aligns with the theme of the 13th World Cargo Symposium-Enabling Global Trade. Enabling global trade is a mission of great importance. It helps economies to grow. And in doing so it promotes better livelihoods and a better quality of life for real people in every corner of the planet. This is an integral part of why we call aviation the Business of Freedom. And nothing should stand in the way of air cargo delivering its unique contribution to the prosperity of our world." ■

# Gateway to Eurasia



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# 2018: A TOUGH YEAR FOR TURKISH TRANSPORTERS

► The economic fluctuations experienced by Turkey in 2018 have adversely affected the transport sector, as well. Dealing with chronic problems such as unfair competition and transit documents on international routes for long years, the Turkish road transport sector has faced different problems in 2018, including especially not being able to

find return goods to transport. The International Transporters' Association (UND) being the voice of the sector has overviewed the performance of the Turkish road transport with a recent report. According to the data by UND, the number of export transports by Turkish vehicles decreased by 6 percent from 111,953 in December

2017 to 104,840 in December 2018. The vehicles with Turkish plate numbers have conducted 1,231,752 transports with a decrease of 1 percent in 2018 as compared to the same period of the previous year. The foreign vehicles, on the other hand, have conducted 351,279 transports with a growth of 5 percent in 2018 as compared to the

***The changes in the exchange rate in August have decreased the import transports of Turkish transporters. This decrease has triggered serious increase in the number of empty returns from especially European countries.***

same period of the previous year. The total of the export transports by the Turkish and foreign vehicles has remained the same in 2018 as compared to the previous year and they have carried out 1,583,031 export transports. 78 percent of the export transports have been conducted with Turkish vehicles while 22 percent with foreign vehicles.

#### **Foreign Transporters Market Share Grows by 6 Percent**

Excluding Iraq and Syria with a high share of 48 percent in Turkish export transports, the Turkish vehicles have experienced an increase of 1 percent as compared to the previous year. The foreign vehicles, on the other

hand, have grown by 6 percent. A decrease of 21 percent has occurred in the transports to Syria. Having experienced a decrease in previous years, the Iraq market seems to be normalized and experienced an increase of 1 percent as compared to the previous year. Since the decrease in Syria affects the total of the Middle East countries, the transports



to the Middle East have experienced a decrease of 5 percent. The increase trend in the transports to Europe has created positive impacts especially in the neighboring countries, with an increase of 24 percent in Romania, of 16 percent in Greece and of 34 percent in Bulgaria. The transports to Central European countries such as Poland, Hungary and Austria attract attention with increases of up to 10 percent. The transports to the European countries have increased by 7 percent in total.

In 2017, the export transports to Azerbaijan and Nakhchivan have decreased. However, in 2018, the export transports to Azerbaijan increased by 11 percent despite the 21 percent decrease in the export

### **SHARE OF TURKISH / FOREIGN VEHICLES IN EXPORT TRANSPORTS**

| COUNTRY OF VEHICLE | 2014             | 2015             | 2016             | 2017             | Share  | 2018             | Share  | Dif.*     |
|--------------------|------------------|------------------|------------------|------------------|--------|------------------|--------|-----------|
| TURKEY             | 1.258.287        | 1.198.205        | 1.205.577        | 1.249.147        | 78,85% | 1.231.752        | 77,81% | -1%       |
| FOREIGN            | 309.744          | 297.340          | 312.069          | 335.003          | 21,15% | 351.279          | 22,19% | 5%        |
| BULGARIA           | 62.222           | 61.240           | 62.386           | 65.373           | 21,55% | 65.639           | 20,43% | 0%        |
| IRAN               | 32.161           | 31.143           | 39.893           | 38.918           | 12,83% | 43.733           | 13,61% | 12%       |
| ROMANIA            | 32.527           | 31.741           | 32.469           | 35.621           | 11,74% | 39.070           | 12,16% | 10%       |
| GEORGIA            | 26.126           | 25.244           | 25.348           | 27.727           | 9,14%  | 30.366           | 9,45%  | 10%       |
| TRNC               | 18.105           | 19.128           | 19.801           | 23.171           | 7,64%  | 24.082           | 7,49%  | 4%        |
| MACEDONIA          | 17.715           | 16.870           | 16.828           | 18.055           | 5,95%  | 20.149           | 6,27%  | 12%       |
| UKRAINE            | 14.443           | 12.042           | 15.100           | 15.143           | 4,99%  | 14.576           | 4,54%  | -4%       |
| SERBIA             | 9.215            | 11.016           | 12.715           | 15.062           | 4,97%  | 18.193           | 5,66%  | 21%       |
| POLAND             | 10.424           | 11.386           | 11.523           | 12.478           | 4,11%  | 13.106           | 4,08%  | 5%        |
| MOLDOVA            | 14.068           | 9.683            | 11.053           | 9.918            | 3,27%  | 9.913            | 3,08%  | 0%        |
| OTHER COUNTRIES    | 72.738           | 67.847           | 64.953           | 73.537           | 21,95% | 72.452           | 20,63% | 0%        |
| <b>TOTAL</b>       | <b>1.568.031</b> | <b>1.495.545</b> | <b>1.517.646</b> | <b>1.584.150</b> |        | <b>1.583.031</b> |        | <b>0%</b> |

\* Difference



transports to Nakhchivan. The share of Turkish vehicles in the export transports to Georgia has decreased by 5 percent while the vehicles with Georgian plates have maintained their increase trend with an increase of 10 percent. The export transports by Turkish vehicles to Iran have decreased by 25 percent. The Iranian vehicles, on the other hand, have increased their export transports from Turkey by 12 percent. The top 10 countries that the Turkish vehicles conduct export transports to get a share of 77 percent from the total market. This ratio is 85 percent for top 15 countries and more than 90 percent for top 20 countries.

#### **Russia and Uzbekistan Balance the High Decrease in Transports to Turkmenistan**

The transports to Turkmenistan have experienced a significant decrease of 48 percent. The researches in this respect reveal that the completion of the existing projects in Turkmenistan and the lack of similar projects adversely affect the export transports. Another factor that causes a negative effect on transports and exports is that Turkmenistan does not allow transit entries for export transports to Tajikistan. Despite the decrease in the transports to Turkmenistan, the transports the Uzbekistan

have increased by 58 percent. The decrease in the Turkmenistan market is compensated with the increase in Uzbekistan and Russian markets.

The export transports to the Russian Federation having a significant place in the transports to the CIS countries have increased by 81 percent thanks to the boom in the transports this year.

With the increase in infrastructure investments and ongoing construction projects, the export transports to Ukraine have increased by 44 percent. The export transports to Moldova, on the other hand, have increased by 32 percent.

## Germany tops the countries where Turkey accepts goods for import transports with 93,524 transports.

### A 10 Percent Drop in Import Transports

The import transports have decreased by 10 percent in general in 2018. The vehicles with foreign plate numbers have increased their market share up to 33 percent as compared to the previous year. The foreign vehicles carrying out import transports are mostly Bulgarian vehicles, followed by Iranian and Romanian vehicles. Although the number of nearly all foreign vehicles in the import market has decreased, the Iranian vehicles have increased their share by 21 percent. The number of Turkish vehicles and foreign vehicles in the import transports has decreased by 9

percent and 10 percent, respectively. Germany tops the countries where Turkey accepts goods for import transports with 93,524 transports. Italy comes the second, Iraq the third and France the fourth. Other countries with high import volumes are Romania, Greece, Uzbekistan, Poland, Iran, Spain and the Netherlands. In terms of the



imports from European countries, the import transports from Bulgaria decreased by 9 percent, Romania by 8 percent, Italy by 5 percent and Spain and Greece by 9 percent. The import transports to other European countries, on the other hand, continue to increase on a sustainable basis. The European countries with significant increase in import transports are France with an increase of 3 percent, Belgium of 11 percent and Ukraine of 54 percent. The Turkish vehicles experienced a decrease of 5 percent in the import transports from Iran. Uzbekistan, on the other hand, drives attention with an increase of 22 percent in import transports.

### SHARE OF TURKISH / FOREIGN VEHICLES IN IMPORT TRANSPORTS

| COUNTRY OF VEHICLE | 2014           | 2015           | 2016           | Dif.*      | Share  | 2017           | 2018           | Share       | Dif.*  |
|--------------------|----------------|----------------|----------------|------------|--------|----------------|----------------|-------------|--------|
| TURKEY             | 432.861        | 425.029        | 370.325        | -13%       | 63,49% | 454.403        | 411.995        | -9%         | 67%    |
| TOTAL FOREIGN      | 192.583        | 200.460        | 212.948        | 6%         | 36,51% | 228.828        | 205.751        | -10%        | 33%    |
| BULGARIA           | 47.085         | 48.685         | 48.855         | 0%         | 22,94% | 52.983         | 42.828         | -19%        | 20,82% |
| IRAN               | 33.792         | 32.354         | 43.291         | 34%        | 20,33% | 47.496         | 57.385         | 21%         | 27,89% |
| ROMANIA            | 22.543         | 23.295         | 23.063         | -1%        | 10,83% | 24.814         | 19.553         | -21%        | 9,50%  |
| POLAND             | 10.028         | 11.375         | 11.626         | 2%         | 5,46%  | 11.714         | 10.232         | -13%        | 4,97%  |
| SERBIA             | 6.994          | 8.269          | 9.404          | 14%        | 4,42%  | 11.708         | 8.578          | -27%        | 4,17%  |
| UKRAINE            | 8.098          | 7.710          | 8.411          | 9%         | 3,95%  | 8.698          | 6.574          | -24%        | 3,20%  |
| MACEDONIA          | 8.706          | 8.679          | 7.536          | -13%       | 3,54%  | 8.278          | 7.512          | -9%         | 3,65%  |
| GERMANY            | 3.641          | 4.961          | 5.374          | 8%         | 2,52%  | 6.448          | 5.464          | -15%        | 2,66%  |
| SLOVAKIA           | 3.720          | 4.808          | 5.367          | 12%        | 2,52%  | 6.140          | 5.785          | -6%         | 2,81%  |
| HUNGARY            | 6.045          | 6.096          | 5.551          | -9%        | 2,61%  | 5.798          | 4.646          | -20%        | 2,26%  |
| OTHER COUNTRIES    | 41.931         | 44.228         | 44.470         | 1%         | 20,88% | 44.751         | 37.194         | -17%        | 18,08% |
| <b>TOTAL</b>       | <b>625.604</b> | <b>625.517</b> | <b>583.290</b> | <b>-7%</b> |        | <b>683.231</b> | <b>617.746</b> | <b>-10%</b> |        |

\* Difference



### Transit Transports

Turkish and foreign vehicles carry out transit transport activities to neighboring countries, including mainly Iran, Iraq, Georgia, Azerbaijan, Bulgaria, Romania and Greece. Neighboring countries such as Iraq, Bulgaria and Georgia also carry out their transit transports through Turkey.

### Rise in Empty Returns

The number of Turkish vehicles returning empty from their deliveries has decreased by 4 percent while that of the foreign vehicles have experienced a rise of 34 percent in empty returns.

Georgia, Bulgaria and Romania top the list of the foreign countries whose vehicles enter into Turkey as empty. These are followed by Macedonia, Serbia, Ukraine and Moldova. Russian and Azerbaijan vehicles have increased the number of empty entries into Turkey. Serbia



is the top country with vehicles entering empty into Turkey with an increase of 174 percent. More than 1 million vehicles enter Turkey without any goods delivery.

Turkish transporters return to Turkey with 70,000 empty vehicles on a monthly basis with around 6,700 vehicles from Europe, 45,000 vehicles from Iraq and Syria, 12,000 vehicles from Azerbaijan and Georgia, 1,700 vehicles from Iran and 400 vehicles from Russia. Foreign transporters, on the other hand, enter Turkey with 14,000 empty vehicles, mostly from Georgia, Bulgaria, Romania, Macedonia and Serbia. ■



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# NEW MARITIME ROUTES TO BE ESTABLISHED BETWEEN TURKEY AND GREECE



*The “MOU in Maritime Cooperation” concluded in 2013 is now effective.*

► The memorandum becoming effective after the visit of Greek Prime Minister Alexis Tsipras calls for new regular container and Ro-Ro lines between Turkish and Greek ports. With this memorandum, cruise ships of both countries will be encouraged to call at both Turkish and Greek ports in order to develop the maritime trade in the Aegean Sea, Black Sea and Southern Mediterranean. According to the memorandum, the following will be encouraged: Cooperation between Turkish and Greek private maritime companies in the joint transport area and technical and administrative knowledge exchange, regular container and Ro-Ro transport lines between Turkish and Greek ports and research on cooperation opportunities in terms of maritime trade, port management and

administration and strengthening the experience and information exchange.

Two shores to be connected  
Thanks to the memorandum, the Turkish and Greek Maritime Administrations will seek for opportunities of cooperation and experience exchange in maritime education. Both Maritime Administrations will meet in order to generate new ideas and develop programmes to increase cooperation and will discuss matters such as maritime technologies exchange, investments and cooperation which will benefit both parties. With the memorandum, cruise ships of both countries will be encouraged to call at both Turkish and Greek ports in order to develop the maritime trade in the Aegean Sea, Black Sea and Southern Mediterranean. The

memorandum is expected to improve cooperation between the private sector companies of both parties in terms of ship construction, repair, maintenance, yacht construction and yacht construction premises investments, ship recycling and ship construction premises investments. Besides, the memorandum emphasizes that any dispute regarding the interpretation or implementation of the memorandum will be settled “amicably” with mutual negotiations. Planned to be effective for 1 year, the memorandum may be terminated by either party by notifying the intent of termination via diplomatic channels within 6 months in advance. The memorandum will be automatically extended for 1 year if no notice of termination is sent. ■

## EXPORT TRANSPORTS OF TURKISH VEHICLES

| COUNTRY            | 2015    | 2016    | 2017    | CHANGE | JAN.-SEP.'17 | JAN.-SEP.'18 | CHANGE | SHARE  |
|--------------------|---------|---------|---------|--------|--------------|--------------|--------|--------|
| IRAQ               | 473.997 | 436.364 | 468.796 | 7%     | 354.862      | 332.929      | -6%    | 37,26% |
| SYRIA              | 168.287 | 154.330 | 149.836 | -3%    | 107.655      | 84.331       | -22%   | 9,44%  |
| GERMANY            | 89.970  | 94.404  | 96.418  | 2%     | 71.395       | 72.081       | 1%     | 8,07%  |
| ITALY              | 43.222  | 43.120  | 44.684  | 4%     | 33.749       | 33.491       | -1%    | 3,75%  |
| ROMANIA            | 23.229  | 29.307  | 33.552  | 14%    | 23.766       | 29.731       | 25%    | 3,33%  |
| GEORGIA            | 36.475  | 43.338  | 40.157  | -7%    | 29.404       | 28.630       | -3%    | 3,20%  |
| IRAN               | 38.669  | 48.385  | 49.833  | 3%     | 36.274       | 28.523       | -21%   | 3,19%  |
| NAKHCHIVAN         | 33.920  | 57.567  | 40.756  | -29%   | 27.787       | 27.007       | -3%    | 3,02%  |
| AZERBAIJAN         | 35.207  | 26.553  | 31.358  | 18%    | 22.915       | 26.017       | 14%    | 2,91%  |
| FRANCE             | 29.652  | 31.142  | 30.755  | -1%    | 22.426       | 25.583       | 14%    | 2,86%  |
| GREECE             | 15.965  | 17.640  | 18.440  | 5%     | 13.528       | 15.694       | 16%    | 1,76%  |
| UNITED KINGDOM     | 17.608  | 20.456  | 20.843  | 2%     | 15.215       | 15.235       | 0%     | 1,70%  |
| SPAIN              | 14.106  | 15.393  | 18.709  | 22%    | 13.824       | 15.070       | 9%     | 1,69%  |
| BULGARIA           | 13.145  | 15.169  | 15.590  | 3%     | 11.171       | 14.183       | 27%    | 1,59%  |
| UZBEKISTAN         | 6.907   | 9.048   | 11.984  | 32%    | 8.326        | 13.272       | 59%    | 1,49%  |
| RUSSIAN FEDERATION | 11.620  | 300     | 8.704   | 2801%  | 4.551        | 12.293       | 170%   | 1,38%  |
| THE NETHERLANDS    | 12.845  | 13.100  | 13.999  | 7%     | 10.104       | 11.187       | 11%    | 1,25%  |
| POLAND             | 11.131  | 13.792  | 13.618  | -1%    | 9.644        | 10.758       | 12%    | 1,20%  |
| TURKMENISTAN       | 32.844  | 28.052  | 24.770  | -12%   | 19.818       | 8.673        | -56%   | 0,97%  |
| HUNGARY            | 5.085   | 6.792   | 7.860   | 16%    | 5.670        | 6.261        | 10%    | 0,70%  |
| AUSTRIA            | 7.417   | 7.514   | 7.659   | 2%     | 5.531        | 5.974        | 8%     | 0,67%  |
| TRNC               | 4.136   | 4.516   | 5.950   | 32%    | 4.357        | 5.774        | 33%    | 0,65%  |
| BELGIUM            | 7.216   | 7.963   | 8.197   | 3%     | 6.084        | 5.585        | -8%    | 0,62%  |
| SERBIA             | 4.353   | 5.386   | 6.250   | 16%    | 4.379        | 5.422        | 24%    | 0,61%  |
| UKRAINE            | 2.569   | 5.039   | 5.659   | 12%    | 3.601        | 5.278        | 47%    | 0,59%  |
| CZECH REPUBLIC     | 4.426   | 5.319   | 5.487   | 3%     | 3.955        | 4.163        | 5%     | 0,47%  |
| SLOVENIA           | 1.515   | 1.896   | 4.112   | 117%   | 2.620        | 4.028        | 54%    | 0,45%  |
| SWEDEN             | 5.285   | 5.538   | 5.884   | 6%     | 4.433        | 3.900        | -12%   | 0,44%  |
| KAZAKHSTAN         | 5.514   | 4.701   | 5.139   | 9%     | 3.935        | 3.840        | -2%    | 0,43%  |
| BELARUS            | 2.207   | 9.267   | 7.952   | -14%   | 6.213        | 3.449        | -44%   | 0,39%  |
| SWITZERLAND        | 3.636   | 3.991   | 4.315   | 8%     | 3.120        | 3.340        | 7%     | 0,37%  |
| LEBANON            | 2.869   | 4.282   | 5.284   | 23%    | 3.926        | 3.232        | -18%   | 0,36%  |
| BOSNA HERZEGOVINA  | 3.216   | 3.279   | 3.231   | -1%    | 2.252        | 3.167        | 41%    | 0,35%  |
| KOSOVO             | 989     | 2.536   | 2.900   | 14%    | 2.153        | 2.745        | 27%    | 0,31%  |
| MACEDONIA          | 4.187   | 3.987   | 3.339   | -16%   | 2.339        | 2.627        | 12%    | 0,29%  |
| ALBANIA            | 3.256   | 3.252   | 3.425   | 5%     | 2.508        | 2.309        | -8%    | 0,26%  |
| DENMARK            | 2.415   | 2.951   | 2.678   | -9%    | 1.924        | 2.038        | 6%     | 0,23%  |
| AFGHANISTAN        | 2.020   | 2.531   | 3.183   | 26%    | 2.151        | 1.922        | -11%   | 0,22%  |
| SLOVAKIA           | 2.128   | 2.173   | 2.109   | -3%    | 1.589        | 1.690        | 6%     | 0,19%  |
| CROATIA            | 1.416   | 1.671   | 1.922   | 15%    | 1.217        | 1.638        | 35%    | 0,18%  |
| SAUDI ARABIA       | 4.433   | 2.576   | 2.375   | -8%    | 1.803        | 1.531        | -15%   | 0,17%  |
| TAJIKISTAN         | 2.290   | 2.355   | 2.490   | 6%     | 1.755        | 1.389        | -21%   | 0,16%  |
| KIRGHIZISTAN       | 756     | 826     | 959     | 16%    | 732          | 1.096        | 50%    | 0,12%  |
| MOLDOVA            | 1.051   | 1.226   | 1.328   | 8%     | 790          | 1.011        | 28%    | 0,11%  |
| FINLAND            | 683     | 1.071   | 1.204   | 12%    | 909          | 955          | 5%     | 0,11%  |
| NORWAY             | 927     | 1.166   | 982     | -16%   | 727          | 778          | 7%     | 0,09%  |
| PORTUGAL           | 469     | 601     | 787     | 31%    | 586          | 556          | -5%    | 0,06%  |

Source: UND

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