



REVIEW OF THE MEASURES TAKEN TO PROMOTE MULTIMODAL TRANSPORT BETWEEN ASIA AND EUROPE

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NOTE

For the avoidance of ambiguity, a brief explanation of terms and concepts of modes of transport used internationally is given below.

“Multimodal transport” means transport of goods by at least two different modes of transport¹.

“International multimodal transport of goods” means the carriage of goods by at least two different modes of transport on the basis of a contract on multimodal transport from a place in one country at which the goods are taken in charge by the multimodal transport operator to a place designated for delivery situated in a different country².

“Intermodal transport” means multimodal transport of goods (in one and the same transport unit or by one and the same transport mode) by successive modes of transport without handling of the goods themselves when changing modes³.

“Combined transport” means intermodal transport of goods where the major part of the European journey is by rail, inland waterway or sea, and any initial and/or final leg carried out by road is as short as possible⁴.

UNECE treats the term "combined transport" with the same meaning as the above definition of intermodal transport⁵.

Thus, the definition of multimodal transport is a more comprehensive concept and will therefore be used predominantly in this Review.

¹ <https://unece.org/ru/transport/publications/glossariy-po-statistike-transporta-trete-izdanie>

² UN Convention on International Multimodal Transport of Goods (1980)

³ <https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/ks-ra-10-028>

⁴ <https://unece.org/DAM/trans/wp24/documents/wp24-00-1r.pdf>

⁵ <https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/ks-gq-19-004>

INTRODUCTION

The rapid growth of world trade turnover, which requires the development of more and more new sales markets, steadily leads to an increase in the volume of transport services. Responding to the challenges of modern market trends, almost all countries of Europe, Asia and the North American continent are actively developing and improving multimodal transport, contributing to the integration of local transport systems into the global transport services market.

The use of multimodal transport in the delivery of goods between Europe and Asia has gained significant momentum over the past decades. Previously, such goods were delivered mainly by sea, and air transportation captured only a small share (about 1%). However, the expansion and deepening of world trade, as well as the economic initiatives of China as a global commodity-forming player in this region, helped to actively restore the existing railway communications, modernize them, construct new sections of railways, as well as to organize new check points across the borders of Central Asian states.

The intensification of the railway communication between China and Europe was launched in October 2008, when the first "Shanghai Express" arrived in the German city of Hamburg, covering this distance in 17 days. To date, China-Europe freight trains run on 73 routes, covering more than 170 cities in 23 European countries.⁶

Freight rail transportation from China to Europe received a powerful impetus in 2011, which was due to the creation of a customs union between Belarus, Kazakhstan and Russia within the framework of the Eurasian Economic Union EAEU. The harmonization of customs procedures at the external borders of the EAEU and the absence of customs obstacles within the members of the union led to a sharp reduction in the costs of document management and logistics, and as a result, to a significant increase in the speed of delivery of goods from China. The launch in 2011 of regular commercial block trains by Trans-Eurasian Logistics, a joint venture between Russian Railways and Deutsche Bahn, played a significant role in intensifying rail traffic in this direction. The dynamics of the number of train journeys organized by this company indicates their increase by 588 times, i.e. from 17 journeys in 2011 to 10 thousand in 2020. According to European experts, by 2030 the total container traffic between Europe and Asia can reach 4,800,000 TEU under a favourable scenario and 437,000 TEU under a negative scenario.⁷

In 2020-2021, when the restrictions associated with the spread of COVID-19 caused enormous delays of the cargo in seaports and led to a shortage of containers, and, accordingly, queues for cargo handling, there was an increase in the cost of sea freight by 5 times, and for urgent shipments by 10 and more times. In connection with these recent trends, we can expect that the share of rail transport will increase significantly and in the future reach 5-7% of the total structure of transport services.

⁶ http://russian.news.cn/2021-10/27/c_1310271025.htm

⁷ https://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/report_pl_rail_container_transport_en.pdf, p.7

Thus, the trend towards an increase in the volume of intermodal container traffic between China and the EU, with a large length of rail transport sections, is obvious. The long-term trend towards the intensive development of intermodal communications in the region considered is also evidenced by the significant initiatives of European countries, PRC and other countries aimed at the active use of land communication in logistics supply chains instead of traditional maritime communication.

The European Union, for its part, from the first days of its foundation, has been implementing multi-vector support for rail transport and pursuing a targeted policy for the development of combined transport of goods as more environmentally friendly and reliable. The Community White Paper "European Transport Policy for 2010: Time to Decide"⁸ as well as the European Commission's Mid-Term Review on this subject⁹ underline the need for a dynamic development of the railway industry in order to create a single European market that ensures the sustainable prosperity of society. Significant financial resources are allocated for the implementation of initiatives from the budget of the European Union and the national budgets of the participating countries.

Since 2015, China's course towards the development of the North-Western Provinces and the related relocation of production facilities through the implementation of the "One Belt, One Road" project has been contributing to an increase in container multimodal transportation through the territories of the countries of Central Asia, the basins of the Caspian and Black Seas, including the TRACECA countries. In order to attract transport and logistics operators to new railway routes, the Chinese Government began subsidizing transportation by container trains in 2018, sometimes covering up to 50% of the cost of transporting each container.

Within the framework of the Northern corridor, the Trans-Siberian Railway is used for regular train service, including through subsidies to attract a transit flow of container cargo from the countries of Southeast Asia to Europe (in 2020). In addition, within the framework of the Eurasian Economic Union, the joint-stock company "United Transport and Logistics Company - Eurasian Railway Alliance" (UTLC ERA) was established, which regularly organizes transit transportation by container trains in the China-Europe traffic.

Thus, the current situation in the market of transport services in the region considered has already attracted to the railway part of the cargo previously transported by sea. This Review will examine in more detail the experience of countries (including TRACECA countries) in stimulating multimodal transport at the state level and the results from its application with a view to implementing the provisions of the Concept for the development of container transport until 2030, adopted at the Fifteenth Annual Meeting of the TRACECA Intergovernmental Commission on October 21, 2021.

⁸ COM (2001) 370 of 12 September 2001, p. 18.

⁹ Communication from the Commission 'Keep Europe moving — Sustainable mobility for our continent — Mid-term review of the Transport White Paper' (COM (2006) 314, 22 June 2006, p. 21

EXAMPLES OF MODAL SHIFT TO VARIOUS MODES OF TRANSPORT AND SUPPORT MEASURES TAKEN

The measures for achieving structural changes in the transport sectors, when there is a need to redistribute the historically established cargo flows to other modes of transport, for example, more environmentally friendly, or the flows contributing to the development of certain territories, always involve large financial investments and certain legislative changes. World practice shows that the implementation of such programmes necessarily relies on the support of the governments of the countries concerned.

In the 2021 study of public policy instruments to promote the change of modes of transport for freight transport in the European Union, all support measures were divided into 3 categories - administrative, economic and informational. The table below shows the share of each of the state policy instruments in the implementation of transport industry development programmes¹⁰.

Categories and sub-categories of state policy instruments, in %

Administrative	21%	Economic	70%	informational	9%
Legal	12 %	Grants	35 %	Studies in the field of development	6 %
Infrastructure planning	5 %	Subsidies	19 %	Consultancy	2 %
Limits	2 %	Payment/vignette	8 %		
Contracts	1 %	Financing of infrastructure	4 %		
Checks	1 %	Fees	1 %		
		Taxes	1 %		
		Tax refund	1 %		

EU initiatives for the development of intermodal connections

At the time, when the issue of environmental damage from road transport in the countries of the European Union became acute, the European Commission developed and successfully implemented the Marco Polo programme, which was supposed to stimulate the development of intermodal linkages and shift the load from road transport to rail, sea and river¹¹. This meant fewer trucks on the road and consequently less congestion, lower emissions, and more reliable and efficient transport overall. During 2003-2006 €75 million has been disbursed under this programme to stimulate intermodal solutions across the EU. During the implementation of the programme, the so-called Marco Polo II, for the period 2007-2013 there were allocated 450 million euros, then not only for land-based projects, but also for “motorways of the sea” and

¹⁰ <https://www.diva-portal.org/smash/get/diva2:1577493/FULLTEXT01.pdf>

¹¹ <https://fddocuments.in/document/evaluation-of-the-marco-polo-programme-2003-2010-final-report.html>

“traffic avoidance” projects, with countries bordering the EU also having the right to access funding.¹²

The "Community Guidelines on State aid for railway undertakings", approved in 2008¹³, identified the following main directions for the revival of the industry:

- gradual creation of conditions that promote the development of competition in the markets of railway transport services;
- encouraging the standardization and technical harmonization of the European railway networks with a view to their full inter-operability at the European level;
- provision of financial support at Community level through the TEN-T program and under sector-specific funds.

The European Union outlined quite ambitious goals in the White Paper adopted in March 2011, known as the "Strategic Plan for a Single European Transport Area: Towards a competitive and resources efficient transport system" that include the following actions: to reduce the amount of CO2 emissions by up to 60% due to the reduction of cars in cities on traditional fuels until 2050, during the same period - to redistribute up to 50% of freight traffic over distances of more than 300 km from road to other modes of transport, as well as to increase the share of freight traffic by rail up to 30% by 2030¹⁴.

In order to implement the above strategic objectives, the European Commission has taken various measures to develop intermodal transport, which in general can be reduced to the following:

- mutual introduction of information and communication technologies, for example, electronic freight (e-Freight), intelligent transport systems ITS, etc.;
- ensuring operational compatibility (inter-operability);
- simplification of administrative procedures (joint customs control, development of a single transport document, creation of a "single window");
- standardization of the permissible parameters of various vehicles through appropriate changes in the EU Regulations;
- Creation of "green corridors" using feeder transportation by sea, by rail, inland waterways or highways, which will subsequently host cargo transshipment centres using environmental innovations.

Among the pan-European investment activities, the Horizon 2020 programme, implemented in the period from 2014 to 2021, can be distinguished including the Shift2Rail public-private partnership project, which made it possible to increase the reliability and punctuality of the EU rail transport by 50%. The total amount of funding

¹² https://ec.europa.eu/inea/sites/default/files/cefpub/mp_ii_report_superfinal2020_metadone_0.pdf

¹³ <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2008:184:0013:0031:EN:PDF>

¹⁴ <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A52011DC0144>

for the programme amounted to 450 million euros from the EU budget and 470 million euros from the public sector of individual member states of the Community.¹⁵ In fact, thanks to the implementation of Shift2Rail, the basis was prepared for the subsequent effective modernization and integration of the EU railways.

In February 2021, a decision was made to continue the “Horizon Europe” programme for 2021-2027 by creating ten new European partnerships and funding from the European budget of 10 billion euros. Among these new public-private partnerships the “Europe’s Rail” project is envisaged, which succeeds the Shift2Rail railway innovation project¹⁶.

The European Parliament Directive 92/106 / EEC of 7 December 1992 on the establishment of common rules for certain types of combined transport of goods between Member States,¹⁷ is widely used for the development of multimodal transport and, in fact, this Directive being the main working legislative act in this area, is designed to reduce road transport through the development of combined transport, by attracting rail, sea transport and inland waterways¹⁸.

In accordance with the provisions of the Directive, the EU Member States take all necessary measures to ensure that taxes applicable to motor vehicles (trucks, tractors, trailers or semi-trailers) when used in combined transport are reduced or refunded either by a fixed amount or in proportion to the trips that such vehicles perform by rail, i.e. The Directive provides for an exemption from the tax on road transport for an exclusively road segment or for delivery on the last leg by road transport involved in combined transport, if these amounts are not included in the total taxable base of this transport. In addition, according to Article 8, “...the initial or final segment of a road transport that forms part of a combined transport is exempt from mandatory tariff rules” – i.e. if in any of the EU Member States there are local mandatory regulations on the collection of tariffs, they do not apply to road transport in combined ones.

In November 2017, with the “Mobility Package”¹⁹, adopted by the European Commission, Directive 92/106/EEC was amended in order to further improve the competitiveness of combined transport. In particular, the allowable measures to support combined transport have been significantly expanded, and these measures are strictly regulated by the articles of the Treaty on the Functioning of the EU (TFEU) regarding the provision of state aid and any preferences within individual countries.

¹⁵ <https://shift2rail.org/about-shift2rail/>

¹⁶ <https://shift2rail.org/about-europes-rail/>

¹⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:31992L0106>

¹⁸ According to the Directive, combined transport means the transport of goods between Member States of the Community when:

- a truck, trailer, semi-trailer with or without a tractor, swap/interchangeable body, or container 20 feet long or more uses a road as the start or end of its journey, with rail, inland waterways, or maritime services used on intermediate stretches, if these gaps exceed 100 km in a straight line, but the beginning and end still fall on the road;
- between the place of loading of the goods and the nearest railway station suitable for loading for the first segment of the journey, and between the nearest railway station suitable for unloading and the point of unloading for the last segment,
- or within a radius of not more than 150 km in a straight line from an inland waterway or seaport of loading or unloading.”

¹⁹ <https://unece.org/DAM/trans/doc/2018/sc2/ECE-TRANS-SC.2-2018-07r.pdf>

Thus, Article 4 was supplemented by the so-called "cabotage exemption", which provided equal access to all carriers registered in the EU to perform the road section of combined transport, regardless of whether it includes crossing the border of another EU state or not. Under the current definition, combined transport is treated as an international operation.

Article 6, which included conditions for economic support for combined transport, was expanded by adding the following paragraphs:

- mandatory support measures to encourage new investments in infrastructure and facilities for combined transport;
- additional support measures that can be taken in addition to the existing ones in order to reduce the cost of combined transport and make it more competitive, and may relate to any stage of the transportation, loading unit or transshipment operation;
- obligatory informing the Commission about the measures taken and, if necessary, their coordination between the Member States and the Commission;
- assessment of the measures taken at least once every 4 years in order to ensure their efficiency and effectiveness;
- compliance of support measures with the rules of state aid.

The updated Directive 92/106/EEC requires Member States to coordinate their actions with neighbouring Member States and the European Commission, as well as ensure a balanced and sufficient geographical distribution of infrastructure facilities (e.g. logistics or transshipment centres) so that no place in the EU is situated at a distance of more than 150 km away from such a terminal.

It should be noted that any financial support provided by a country that has signed the Treaty on the Functioning of the European Union²⁰ must not be contrary to the requirements for free competition set out in the articles of the Treaty. With regard to support for multimodal transport and, in particular, rail, there are additional features.

Thus, in accordance with the EU procedures, any state aid of the member states must comply with the requirements set forth in the "Community Guidelines on State Aid to Railway Undertakings"²¹, the so-called Railway Guidelines, and be agreed with the European Commission. For these purposes, the applicant state must notify the Commission in advance of a new state aid or the extension of an existing support programme and provide a calculation of the economic and environmental benefits from the measures being implemented. The calculation is based on the "Guidance to External Costs of Transport"²², which provides a methodology for calculating the hidden costs. Rail transport avoids/or significantly reduces these hidden costs compared to competing modes of transport. According to the Guidelines in EU countries, these include the following:

- accident costs;
- costs of air pollution;

²⁰ <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:12012E/TXT:en:PDF>

²¹ <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2008:184:0013:0031:EN:PDF>

²² <https://op.europa.eu/en/publication-detail/-/publication/9781f65f-8448-11ea-bf12-01aa75ed71a1>

- costs of climate change;
- noise costs;
- costs of traffic congestion;
- costs of violation of natural environment and others.

Applying the approved methodology, each country independently calculates the eligible costs amount per ton-kilometre for its territory. The main requirements of the EU for state aid regarding rail transport are contained in paragraphs 107b and 109 of the Railway Guidelines and are to simultaneously fulfil two conditions - the aid should not exceed 30% of the total cost of rail transport and 50% of eligible costs. Since the indicator of acceptable costs depends on the total volume of goods transported by one or another mode of transport, the price of fuel, electricity and other things, countries regularly recalculate indicators of acceptable costs. In order to agree with the EU on the size and timing of state aid programmes, the effect of its implementation should be clearly visible, and mathematical calculations of external costs should be provided.

Examples of state support for intermodal solutions in EU countries

Germany. Having the most developed railway industry among all the EU countries, Germany, however, expressed concern about the lag in the growth of German railway enterprises. At the state level, a number of policy documents were adopted regarding support for the industry.

Since 2009, funding for the existing rail network has been based on the LuFV Agreement between the Federal Republic of Germany (represented by the Federal Ministry of Transport and Digital Infrastructure) and the federal railway companies (DB Netz AG, DB Station&Service AG, DB Energie GmbH) and Deutsche Bahn AG Performance²³ Measures to support the industry are, on the one hand, investments aimed at replacement, but not included in the plan of requirements for railways, and, on the other hand, investments in repair measures. Thanks to the LuFV agreement, the federal government no longer finances individual measures and investment projects, but transfers the funds to the railway infrastructure companies at their own disposal. This increases the planning reliability of rail infrastructure companies, and in return they promise quality for the entire rail network.

The railway infrastructure companies are committed to replacing investments in the railways, at least in an agreed amount, making a minimal contribution to maintenance, making their own contribution to the maintenance and modernization of the existing network, and maintaining and modernizing the railways at a high level.

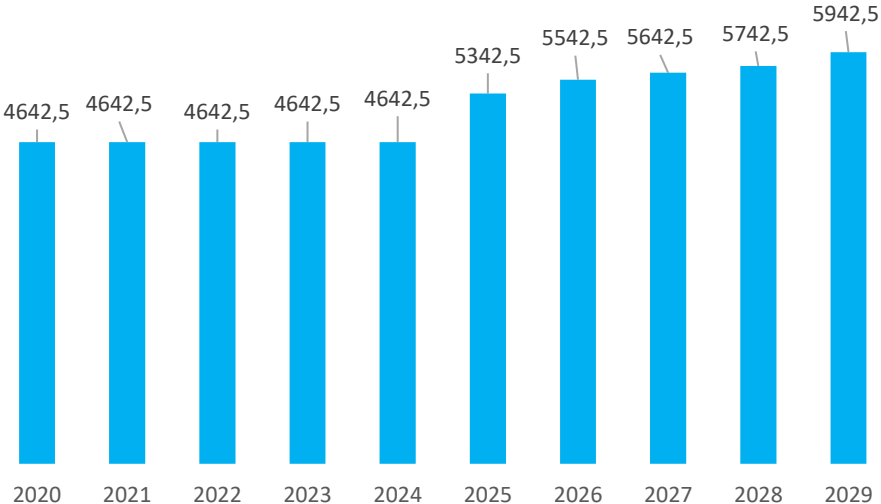
The sections of the LuFV Agreement contain quality indicators of the level of infrastructure condition, according to which sanctions are determined. Annual targets for such indicators are also set, and if the targets are not achieved, the federal government can return all or part of its investment in infrastructure. The current state

²³ https://www.eba.bund.de/DE/Themen/Finanzierung/LuFV/lufv_node.html

of the railways is documented in the Infrastructure Status and Development Report, which is provided annually by Deutsche Bahn AG. Based on it, the Federal Railroad Administration checks whether the companies have achieved the agreed goals.

On 11 April 2010, the initial LuFV I Agreement²⁴ was signed, and later, in 2015, the LuFV II²⁵ Agreement was agreed and approved, LuFV II²⁶. On 1 January 2020, the LuFV III Treaty entered into force for a period of ten years (2020-2029).. The federal government has significantly increased its contribution, in particular, between 2020 and 2029, a total of 63.4 billion euros will be used for replacement investments (infrastructure investments) in the existing railway network. The largest share (about 51.4 billion euros) comes from the federal budget as direct grants; funds are also available from rail infrastructure companies' dividend payments within the funding cycle, which are authorized by the federal government for investments in existing railway lines. It is envisaged that at least 1.375 billion euros of investment funds will be allocated from railway infrastructure companies.

Paragraph 2 of the LuFV III Agreement specifies the exact amounts of federal investments by year (million euros)



The railway infrastructure companies, in turn, are committed to spending a total of at least €22.78 billion on railway maintenance during the term of the LuFV III. In total, during the term of the contract, at least 86.2 billion euros must be invested in replacement investments and maintenance of the existing railway network.

The ten-year term of the new LuFV III Agreement provides greater planning security for Deutsche Bahn and the related construction industry. Thus, it is possible to increase the capacity of railway manufacturing companies with a view to the future and conclude long-term contracts with suppliers. LuFV III places particular emphasis on improvements for users of rail services, such as better accessibility and additional weather protection for passengers on platforms. In addition, more money is available

²⁴ https://www.eba.bund.de/SharedDocs/Downloads/DE/Finanzierung/LuFV/LuFV_inkl_erster_Nachtrag.html?nn=1525366

²⁵ https://www.eba.bund.de/SharedDocs/Downloads/DE/Finanzierung/LuFV/Einstellen_LuFV_II.html?nn=1525366

²⁶ https://www.eba.bund.de/download/LuFV_III_Vertrag_und_Anlagen_Web.pdf

to minimize the impact of construction work on rail traffic (customer-friendly construction). New converter substations ensure the supply of electricity from renewable energy sources to the traction current network.

New to the Agreement are quality indicators such as network availability, asset value and traceability. The LuFV III Agreement is still focusing on such an approved quality indicator as the “Condition Category of Fully and Partially Renovated Bridges”, introduced in LuFV II. During the ten years of the Agreement's validity period, at least 1,200 railway bridges are to be completely or partially renovated, as well as to improve their condition. In addition, DB Netz AG is to overhaul at least 300 bridges and upgrade another 500 bridges.

The LuFV III Agreement on maintenance and financing is based on full transparency and control. The Federal Railroad Administration monitors how the agreement is being implemented and if breaches of the contract are found, additional penalties will be imposed in addition to the already mentioned claims for compensation in case of unmet goals, such as violating the principle of economic efficiency, closing routes without litigation, closing of railway bridges for which Deutsche Bahn is responsible, in the event of serious violations of the tender procedure for contracts, or if targeted replacement investments on deferred demand were not fulfilled in accordance with the contract.

The Federal Railway Administration facilitates the work of an infrastructure auditor appointed by the federal government. The Auditor verifies annually whether the replacement investment has been accounted for as prescribed in the LuFV Agreement and on that basis confirms the amount of the "minimum replacement investment subject to audit". The federal auditor also oversees the provision and use of the minimum maintenance fee and the rail infrastructure company's own contribution to replacement investments in the existing network.

The LuFV III Agreement provides that during its term the parties study the possibility of using other or additional quality parameters in the future. In addition, work is underway to establish a scientifically valid causal relationship between available resources and the quality of the railway network that can be achieved with existing resources. The Federal Railroad Administration is involved in the further methodological development of the Treaty.

Since July 2018, the Federal Government of Germany has launched a separate project to subsidize the transport of goods by rail "TraFöG", allocating 175 million euros initially and 350 million euros for each subsequent year until the end of 2023²⁷. This project was initiated by the Ministry of Transport and Digital Infrastructure of the Federal Republic of Germany with the aim of increasing the attractiveness of rail transport for shippers and is documented in the relevant Budget Decree of 06.07.2018. The legal basis and funding mechanism is provided by the Guideline “Policy for the

²⁷ <https://fahrweg.dbnetze.com/fahrweg-de/kunden/leistungen/trassen/trafoeg-3269726>

promotion of rail transport through proportional funding of approved train fares”, published by the Ministry on 10.12.2018.²⁸

“Deutsche Bahn Netz AG”, as operator of the federal railways, is authorized to act as an intermediary for railway companies wishing to receive subsidies through the process of ordering fares and calculating train fares. In accordance with the Guidelines, the Federal Government provides a subsidy proportional to the net amount of rail use fees collected by federally owned infrastructure operators based on approved tariff schedules. Actual operating services in train-kilometres are calculated according to the invoices issued by DB Netz AG, in accordance with the conditions of use of the railway network. These Guidelines have been agreed with the European Commission and do not conflict with the Community Guidelines on State Aid to Railway Undertakings 2008/C184/07. It is noted that there is no right to award a grant, and that the approval body decides on subsidizing at its own discretion within the available budgetary funds. Funding is provided for operational services from 1 July 2018 to 30 June 2023.

The fares are approved by the federal representative of BNetzA, DB Netz AG company is identified in the Guidelines as the first beneficiary of funding, and the other rail companies as final beneficiaries, and the funding procedure is set out in the order indicated below.

Subparagraph 4 of paragraph 2 of the Guidelines provides that financing is carried out according to a simplified procedure directly by DB Netz AG on behalf of and for the benefit / at the expense of the final recipient. The subsidy amount for rail transportation segments is calculated specifically for the segment of each work schedule period in accordance with the following procedure:

1. *Once BNetzA approves the train fare for the relevant work schedule period, DB Netz AG calculates the subsidy amount for each market segment (market segment subsidy amount).*
2. *The initial data for the calculation are the approved train fares, projected operating performance by segments, and funds allocated in the federal budget for financing. The operating efficiency forecast for a particular segment is taken from the current planning state of DB Netz AG at the time of the last fare approval.*
3. *The percentage of federal funding is calculated uniformly for all market segments. It is defined as the ratio of federal funds allocated in the federal budget to the sum of the approved fares for individual segments and the corresponding predicted performance indicators for individual segments (subparagraph 5, paragraph 2).*
4. *The subsidy amount for a specific market segment in euros per kilometre of train track is then calculated as follows: from the percentage of federal subsidy and the train path fee for a specific segment:
Subsidy amount for a specific market segment = fee for an approved train route for a specific segment x (multiply by) percentage of federal funding.
If the subsidy is granted only for part of the work schedule period, only the performance forecast for the specific segment within the work schedule period is used as the basis for calculating the amount of the subsidy.*

²⁸ https://www.bmvi.de/SharedDocs/DE/Anlage/StV/bundesanzeiger-bekanntmachung-af-TP.pdf?__blob=publicationFile

DB Netz AG announces funding amounts for a specific market segment for the upcoming working period immediately after receiving the grant notice from the approving body, but no later than 2 weeks before the start of the train application period. The subsidy amount for a particular market segment serves to reduce the net invoice amount payable by the final recipient, while the total invoice amount remains the same.

If, during a budget year, operating efficiency is better than forecast for a particular segment, then the full amount of the subsidy will be paid to the final recipient only for those months in which the federal budget funds available for the corresponding budget year fully cover the subsidy. In case of insufficient coverage from the federal budget for a month of the current budget year, the amount of funding for all segments is reduced accordingly. If necessary, the first recipient recalculates the funding amounts based on the remaining budget funds. Reduced funding amounts are immediately published by the first recipient.

The Guidelines requires that on the 15th of each month, the original recipient report to the approving authority the train kilometres travelled for the respective final recipient by rail type segment and federal funds utilization status in the previous month, as well as the cumulative total for the calendar year. Subsidy rates are regularly published on the official website of DB Netz AG ²⁹.

From 13 December 2020, at the beginning of the 2020/2021 calendar period, freight rail transportation was subsidized at a rate of 47.5%. The subsidy rate took into account train fares for the 2020/2021 timetable period, which was approved by BNetzA on 21 September 2020, as well as an operating efficiency forecast adjusted due to the COVID-19 pandemic. To cope with the effects of the pandemic, the Federal Government increased funding by 217 million euros in the supplementary budget of 23 April 2021 for the period from 1 June 2021, so that DB Netz AG applied in May to increase the funding rate. On 27 May 2021, the Federal Railroad Administration approved the application and accepted a funding rate of 97.8%. The continued positive development of operating performance and the strong increase in demand for express train routes resulted in increased use of subsidies. In order to prevent daily suspension of the subsidy during the implementation of the TraFöG programme, DB Netz AG applied for a reduction in the subsidy rate to 87.6% from 1 October 2021. Application was approved by the Federal Railroad Administration

A subsidy rate of 86.6% for the period from 12/12/2021 to 31/12/2021 and a subsidy rate of 44.9% - from 01/01/2022 to 10/12/2022 was approved for the calendar period 2021/2022.

The German Government, implementing the state strategy aimed at increasing the share of rail transport in the total volume of freight traffic to 30%, has repeatedly emphasized that this task should be completed as part of a comprehensive transition of

²⁹ <https://fahrweg.dbnetze.com/fahrweg-de/kunden/leistungen/trassen/trafoeg-3269726>

the entire transport system to more environmentally friendly, including combined transport, since they allow to significantly redistribute cargo flows from road transport to railway and inland waterways. Thus, the German Government emphasizes in special questionnaires regularly provided to the UNECE Working Group on Combined Transport³⁰, that through public policies and financial instruments, it encourages fair competition in the combined transport sector and finances the combined transport terminals of “Deutsche Bahn AG”, as well as other private companies (eg ports, private railway companies), provides subsidies for the construction of new intermodal terminals with high capacity and the modernization of existing ones.

Subsidies are provided either on the basis of the Federal Law on the Modernization of Railway Infrastructure, if such facilities are terminals operated by “Deutsche Bahn Netz AG”, or, since 1998, on the basis of the "Guidelines for Financing Combined Transport Terminals Operated by Private Enterprises". The measures of state support for combined transport, related to tax incentives, include:

- exemption from tax on vehicles that are used exclusively for operations at the initial and final stages of combined transport;
- refund of motor vehicle tax if there is a confirmed piggyback transportation.

In terms of regulation, Germany gives road carriers involved in combined transport exemptions from driving bans on weekends and bank holidays, as well as - driving bans on public holidays. In the case of cross-border combined transport carried out on vehicles registered in the EU or the EEA, the initial and final stages of road transport are liberalized, and the maximum permissible total vehicle weight is increased to 44 tons. In the case of the “rolling road”, the time spent by drivers on the train is counted against their daily rest periods.

In order to ensure the efficient and safe operation of the entire EU railway network, Germany is actively implementing the European Rail Traffic Management System (ERTMS) on the railway lines passing through its territory.

Taking into account the existing extensive river network, the German Government attaches great importance to the development of transportation by inland waterways, directing public investments into the modernization of fairways (for example, on the Main River, the Mittellandkanal, the Werser River in the middle reaches, etc.), the construction and modernization of locks (on the Werser river, the Kiel Kanal and the Mosel river, the extension of the locks on the Neckar), as well as the construction of a new ship lift on the Oder-Havel- Kanal and the modernization of the existing ship lift in Lüneburg. From 1 January 2019, transit fees in inland navigation have been cancelled, with the exception of transit on the Mosel River and the Kiel Kanal³¹.

The National Master Plan for the Development of Inland Water Transport, developed in cooperation with trade associations, industry and other stakeholders in Germany, aims, among other things, at:

³⁰ <https://unece.org/fileadmin/DAM/trans/doc/2020/wp24/ECE-TRANS-WP.24-2020-2r.pdf>

³¹ <https://unece.org/fileadmin/DAM/trans/doc/2020/wp24/ECE-TRANS-WP.24-2020-2r.pdf>

- digitalization - the project "Inland Water Transport 4.0" provides for the connection of ports, digitalization of locks and ships, automation of terminals;
- stimulation of the multimodal transport chain, namely, to increase the share of goods transported by inland water transport to 12%.

In order to attract not only federal enterprises such as "Deutsche Bahn" and its subsidiaries, but also non-state, private investors, as well as research centres and laboratories to the programmes for the development of combined transport, reference links for filling out and submitting online applications to finance projects for the creation of combined transport facilities or to expand transshipment capacities used in combined transport³² are placed on the official site of the Ministry of Transport and Digital Infrastructure of the Federal Republic of Germany. At the same time, it is indicated that financing is possible in the amount of up to 80% of eligible investment costs in the form of non-refundable subsidies. Interested investors submit their applications for road/railway or pure rail systems projects to the Federal Railroad Administration and for water/road or pure water systems projects to the General Department of Waterways and Shipping. The site states that the results of the consideration of applications will be communicated to applicants as soon as possible, but no later than 3 months after receipt of the relevant application.

Austria. The example of supporting the development of combined transport in Austria was considered by the European Commission at some time as a model for use in other Community countries.

Taking into account the peculiarities of its geographical and topographic location in Europe (significant areas of mountainous terrain, lack of access to the sea, convenient location for transit, the development of recreational areas and the general state policy on environmental protection), Austria launched in 1999 a large-scale national "Combined freight transport facilitation programme by road/rail/sea". The first stage of the Programme was implemented from 1999 to 2002, it was then successfully extended from 2003 to 2008, and also continued within the "Programme for Support of Transshipment Capacities for Intermodal Road-Rail Transportation" for the period 2006-2012.

The government announced support for investments in facilities (e.g. terminals), systems and equipment (e.g. handling equipment, containers, swap bodies, specially equipped vehicles and boxes), as well as in training, feasibility studies in connection with the implementation measures necessary for the transportation or handling of goods in combined transport. Goals were set to improve interaction between different modes of transport, optimize traffic flows, thereby reducing the load of heavy vehicles on the road network, reduce environmental damage and improve road safety.

The amount of financial support was based on the expected reduction in traffic and was up to a maximum of 30% for accountable investment costs for physical investments and a maximum of 50% for accountable investment costs for feasibility

³² <https://www.bmvi.de/SharedDocs/DE/Artikel/G/umschlaganlagen-foerderrichtlinie>

studies and training activities. For the period from 1999 to 2002 about 2.9 million euros were allocated per year.

The legal justification for the aforementioned programme was the recognition in Austria, in agreement with the European Commission, of combined transport and related facilities as socially significant and of general economic interest. Accordingly, such investments in transport were defined as "public services" and were not subject to the fiscal measures of the EU state aid rules.

The programme provided for financial rewards for the use of combined transport (we are talking about the "Rolling Road"³³) for transportation in Austria and in transit.

Fiscal support measures included transport tax breaks and duty exemptions for combined transport participants. All vehicles over 3.5 tons of total weight were exempt from the monthly transport tax if they were used for the entire calendar month solely for the initial or final trucking of containers with a total length of at least 20 feet, or swap bodies, or semi-trailers transported by rail. This refund could be up to 100% of the annual transport tax³⁴.

For accompanied "rolling road" and unaccompanied combined transport, the toll-roads for initial and final road transport to/from the nearest terminal in Austria was refundable and amounted to EUR 8 per vehicle of at least 12 m in length or per 40-foot container. If it was a semi-trailer or a swap body less than 12 m or a container up to 40 feet, then 4 euros were subject to compensation.

As for regulatory support measures, they were also significant. Thus, the initial and final stages of combined transport were liberalized, as well as the corridors of the "rolling roads", i.e. the transport of goods in such cases did not require a bilateral or transit permit from Austria. It was also possible to obtain an additional quota of permits for using the "rolling road".

For road transportation in combined transport, not exceeding a distance of 65 km to / from the approved transshipment terminals throughout the country, no traffic restrictions were applied on weekends (on Saturdays from 15:00 to 00:00, on Sundays from 00:00 to 22:00: 00) and for the summer holidays (from 1 July to 31 August on Saturdays from 08:00 to 15:00).

According to the rules for vehicles with a total mass of more than 7.5 tons, which did not meet noise standards, driving at night was prohibited from 22:00 to 5:00 in the morning. Journeys that were carried out as part of combined transport from and to the railway track in well-defined and prescribed road corridors were exempted from this ban in both directions.

³³ A "Rolling Road" is the transportation of a vehicle with a trailer or semi-trailer on a low-floor railway platform. At the same time, if a driver travels along with the cargo in a special passenger car, then this will be accompanied transportation. If the cargo is transported without a driver, this is unaccompanied transportation.

³⁴ <https://unece.org/DAM/trans/wp24/wp24-official-docs/documents/ECE-TRANS-WP24-2007-05r.pdf>

The Intermodal Transport Support Programme also introduced higher gross weight limits for trucks operating on the initial and final leg of combined transport – 41 tons for semi-trailers that can be moved by crane, 44 tons for other semi-trailers and no restrictions for containers and swap bodies – instead of 40 tons of the total mass previously established for any motor vehicles³⁵.

In addition, the Austrian labour law stipulated that the time spent by the driver in the accompanied "rolling road" is considered a rest period. This facilitated the observance of the regime of work and rest for drivers involved in international transportation.

Despite the fact that the implementation of the programmes described above, since 1999, allowed the Austrian government to achieve its goals, the country continues to take measures to further support multimodal transport solutions. Austria provides financial support (through public funding) for the purchase of transport equipment, the introduction of innovative and new technologies, and the preparation of feasibility studies. The 'Combined Freight Transport Innovation Programme', covering the period 2015 to 2020, included significant financial measures to support investments in installations, systems and mobile equipment required for the transport or handling of goods in combined transport. Since 1 January 2018, a "programme to support the development of docking railway lines and transshipment terminals" has been in force, which is planned to be completed by the end of 2022³⁶.

Poland. The development of combined transport is one of the main priorities of Poland's transport policy. After the accession of the Republic of Poland to the EU, the regulation of combined transport was carried out in accordance with the general rules set out in Directive 92/106/EEC. Changes to the Directive updated in 2017 made it possible to use public-private partnership (PPP) to finance the infrastructure of intermodal transport.

A formulated Transport Development Strategy prioritizes the development of intermodality in freight traffic and the creation of favourable conditions for the development of a network of related terminals³⁷. According to the Master Plan for the Development of Railway Transport in Poland for the period up to 2030 inclusive, it is planned to invest 23 billion euros in this industry³⁸. This money will come from both the state budget and the Connecting Europe Facility and will be used to develop the core railway network, expand the fleet of multimodal platforms, implement projects to reduce noise from freight rail transport through the modernization of the rolling stock, improve the environmental friendliness of freight transport and ensure railway communications with ports and airports.

³⁵ <https://unece.org/DAM/trans/wp24/wp24-official-docs/documents/ECE-TRANS-WP24-2007-05r.pdf>

³⁶ <https://unece.org/fileadmin/DAM/trans/doc/2020/wp24/ECE-TRANS-WP.24-2020-2r.pdf>

³⁷ <http://isap.sejm.gov.pl/isap.nsf/download.xsp/WMP20190001054/O/M20191054.pdf>

³⁸ <http://www.siskom.waw.pl/komunikacja/kolej/master-plan-dla-transportu-kolejowego.pdf>

One of the bottlenecks on the route of cargo from China to Europe is the border crossing Terespol-Malashevichi, located on the Polish-Belarusian border. At the beginning of October 2021, the necessary construction permit was obtained on the territory of the Lublin Voivodeship (Republic of Poland) and the implementation of a large-scale infrastructure project for the construction of the Malashevichi logistics park was launched³⁹.

The main contractors are PKP Polish Railways and “Cargotor” (from the PKP Cargo Group). The total preliminary funding estimate is around 700 million euros. The park will be built on the basis of the existing dry port, and its capacity will be increased by four times. It is envisaged to increase the capacity to handle 55 pairs of trains per day upon completion of the project by the end of 2026, while as of 2021, 15 pairs of trains are processed daily. The construction of a new container terminal will make it possible to receive trains arriving along the eastern track 1520 with a length of 1050 meters instead of 750 meters at the moment. Thanks to this modernization, the speed of trains will increase from 20 km/h to 40 km/h. In addition, the axle load will be increased from 22.5 to 25 tons.⁴⁰

In order to create conditions for fair competition between modes of transport, in Poland, since 2011, tolls for motor vehicles have been levied in order to increase the costs of the automobile industry and promote the switch of freight shipments to more environmentally friendly modes of transport - rail, sea, river and combined transport. The “ViaToll” electronic toll collection system is installed on highways, freeways and first-class national roads and collected from all vehicles with a total mass of more than 3.5 tons. The amount of such a fee depends on the distance, road class, gross vehicle weight and “Euro” emission class. In addition, excises on fuel were introduced to increase the cost of road transport.

Of the regulatory support measures for multimodal transport, Poland has an exemption for vehicles used in combined transport, including the traffic ban on Sundays and national holidays, as well as during public holidays. The Law on Taxes and Local Charges provides tax exemptions for operators of combined transport in some cases, and the maximum allowable weight of vehicles used in combined transport is 44 tons.

Poland is fulfilling the National Plan for the Implementation of the European Rail Traffic Management System, and is also actively introducing river information services (RIS) in inland waterway transport.

Great Britain. The United Kingdom of Great Britain and Northern Ireland supports the development of multimodal transport in two directions:

- for the transition from road to another mode of transport (Modal Shift Revenue Support - MSRS), namely to rail and inland water transport;

³⁹ <https://www.gov.pl/web/infrastruktura/powstanie-park-logistyczny-w-malaszewiczach>

⁴⁰ <https://www.utlc.com/smi/v-malasheviche-budet-postroen-krupneyshiy-v-evrope-logisticheskiy-park/>

- support for coastal and feeder transportation (Waterborne Freight Grant - WFG)

The MSRS subsidy scheme, in turn, is divided into:

- support for intermodal container transportation by rail (MSRS – Intermodal);
- support for the transportation of bulk cargo and transportation by inland waterways.

This review will consider in detail only the intermodal rail subsidy scheme.

Government support in the UK is provided through the provision of direct grants. Administration is carried out by the UK Department for Transport, the Scottish Government or the Welsh Government, depending on whose territory the largest section of the supported route passes.

The support programme started in April 2010 and, being extended several times, remains in force until 31 March 2025. The total budget for the WFG and MSRS programmes from the end of 2019 to March 2025 is £110 million, estimated at £22 million per each year⁴¹.

The goal and purpose of the programme is defined as "to encourage and support a change in the mode of transport in the transport of goods, which will lead to positive social and environmental impacts resulting from the reduction in the number of trucks on UK roads"⁴².

The official UK government website contains full information about the direct grant scheme, as well as referral links for applicants under various sub-funding programmes.

Initially, all applications are assessed in terms of financial need for a grant, i.e. the cost difference between road transport and the rail alternative, and the environmental benefits. In this case, the financial need is calculated as the difference between the total cost of rail transport and the total cost of road transport. The environmental effect is calculated through the calculation of external costs for road and rail transport. The subsidy is provided for one intermodal unit - basically a container.

The MSRS (Intermodal) programme is designed to provide operational support to companies that directly own the relevant vehicles and transport goods by rail, that is, they are one of the parties to the contract of carriage.

Thus, the grant is provided if the agreed route is more expensive for the user of railway transport services than if it were carried out by road and, accordingly, the financial support of the state should affect the final cost of the service and make it competitive compared to the service, provided by road transport.

⁴¹ https://ec.europa.eu/competition/state_aid/cases1/201949/282071_2115256_126_2.pdf

⁴² <https://www.gov.uk/government/publications/department-for-transport-delivers-more-grant-funding-to-transport-freight-by-rail>

Subsidizing container transport in the People's Republic of China

The Chinese “One Belt, One Road” initiative was proclaimed in 2013 by Xi Jinping during his visits to Kazakhstan and Indonesia. The essence of the initiative consists in expanding commercial and physical relationships in the trade corridors of Eurasia, which was subsequently reflected in many political documents of the PRC, in fact, becoming the main focus of foreign policy and one of the main objectives of the "13th Five-Year Plan", which began in 2016⁴³.

The declared long-term goals of the “One Belt, One Road” project are to strengthen the political, infrastructure, trade and interpersonal ties of the countries participating in the initiative. In addition to large-scale investments in the construction of new roads, railways, ports and pipelines for both the overland “Economic Belt” and the “Maritime Silk Road”, the initiative includes subsidies for the supply of goods from China to foreign markets with a planned investment of \$1 trillion US dollars by 2027⁴⁴.

In 2016, the National Development and Reform Commission of the PRC adopted a five-year plan for the development of freight traffic between China and Europe, which provided for subsidizing container traffic in this direction. The Chinese Railway Corporation and seven major platform companies from Chongqing, Chengdu, Zhengzhou, Wuhan, Suzhou, Yiwu and Xi'an are implementing this plan. In 2016, the amount of subsidies from the Chinese authorities was estimated at 88 million US dollars⁴⁵. Provinces and municipalities got the opportunity to determine the amount of subsidies themselves. Direct subsidies were offered to companies for each container sent by rail, as well as indirect subsidies intended for local railways in order to achieve a certain result in cost lowering.

The size of the subsidy for one 40-foot container was 0.3 - 0.4% of the cost of the transported cargo - an average of 2.5 USD, which, with the existing through tariff for the carriage of a container, amounted to about 5500 USD for a 40-foot container⁴⁶. State support has allowed boosting the competitiveness of rail transport in terms of transportation costs. As a result of the measures taken, the plan set by the Chinese Government to send 5,000 trains per year was completed two years ahead of schedule - in 2018 instead of 2020⁴⁷. The goal of increasing container traffic from Europe was

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https://ru.wikipedia.org/wiki/%D0%9E%D0%B4%D0%B8%D0%BD_%D0%BF%D0%BE%D1%8F%D1%81_%D0%B8_%D0%BE%D0%B4%D0%B8%D0%BD_%D0%BF%D1%83%D1%82%D1%8C

⁴⁴ <https://rtsb.group/ru/belt-and-road-initiative/>

⁴⁵ <https://ma-research.ru/stati/item/213-rynok-transportno-logisticheskikh-uslug-kitaya-novye-marshruty-i-servisy-na-kitajskom-napraavlennii.html>

⁴⁶ <https://ma-research.ru/stati/item/213-rynok-transportno-logisticheskikh-uslug-kitaya-novye-marshruty-i-servisy-na-kitajskom-napraavlennii.html>

⁴⁷ <https://gudok.ru/1520/newspaper/detail.php?ID=1581463>

also successfully achieved, which previously was significantly inferior in intensity to the flow from China.

After that, the PRC Government gradually began to reduce subsidies for container transportation. If in 2018 the state helped to cover up to 50% of the cost of container transportation, then in 2019 - no more than 40%, and in 2020 - no more than 30%.

It should be noted that initially subsidies were provided for both loaded and empty containers. Chinese shippers were so carried away by the process of accelerated formation of container trains, that by 2019, most of the containers returning back from Europe were empty. The Chinese Government immediately made the necessary legislative amendments that only containers loaded on a round trip are subject to subsidies.

It is planned to continue Chinese subsidies programme on the railway transport to Europe until 2023, i.e. 2022 is considered as the last year that subsidies at a central level are in place in China⁴⁸. If earlier, at its peak, the subsidy for the transportation of a 40-foot container ranged from 3,000 to 5,000 US dollars, now it is about 1,000. The subsidies were originally supposed to be centrally cancelled in 2022, but they were extended for a year due to the COVID-19 pandemic. “However, local authorities may still encourage rail traffic at a lower level or through other financial instruments such as tax cuts or interest-free loans,” said the CEO of “New Silk Road Intermodal”.⁴⁹ Other industry players whose video message was shown at the European Silk Road Summit on 7-8 December 2021, in Amsterdam noted that China's inner cities do need subsidies because they have limited access to industrial markets. Other forms of financial support will remain relevant for them.

Yet the general consensus among Chinese leading container rail companies, as well as freight forwarders, was reduced to the formulation “quality, but not quantity” and that government support was no longer needed, as volumes have risen and rates remain competitive. Almost all companies operating in the region noted that in the 10 years of its existence, the New Silk Road initiative acquired a permanent group of customers. Railway routes from China to Europe proved to be convenient and reliable for shippers. Even after subsidy removal, they will be of interest, first of all, to shippers of goods that are sensitive to delivery times, as well as those with high added value, such as cars and electronics. In addition, many manufacturing sites in China have already set up their production cycle for transportation by railway - the reconfiguration will take a long time, which means that they will continue to prefer rail shipments.

Much attention was also paid to the discussion of subsidizing rail container transportation from China to Europe and the possible consequences of the removal

⁴⁸ <https://seanews.ru/2021/12/21/ru-kitaj-otmenit-subsidirovanie-zheleznodorozhnyh-perevozok-v-2023-godu/>

⁴⁹ <https://index1520.com/en/news/kitay-prodolzhit-subsidirovat-perevozki-na-novom-shelkovom-puti-v-sleduyushchem-godu/>

of such financial support at the Rail Freight Poland Summit, held on 1-2 September 2021, in the Polish city of Lodz ⁵⁰. The participants of the discussion representing “TransContainer”, “DB Cargo Eurasia”, RTSB-RUS and others also noted that they positively consider the scenario with the removal of subsidies by China. In particular, Dmitry Hasenkampf (Sales Director of DB Cargo Eurasia) noted that “the railway will be interesting for the transportation of certain goods, in particular expensive ones. “I prefer the second scenario (removal of subsidies) because in the end we have yet to take a stable position in the market and become what we want to be”.⁵¹

Other participants in the discussion, for their part, emphasized that even with a decrease in sea freight rates, rail container transportation will remain in demand, since this service provides customers with greater safety of cargo and predicts delivery times.

Thus, subsidies provided by the Chinese Government have become a key factor in the growth of rail freight in the Eurasian region. Compared to 2016, when the volumes were 142,000 TEUs, by 2021 they have grown 10 times. The number of containers transported by rail in the first 11 months of 2021 amounted to 1.33 million TEUs, which is 30% higher than in 2020, according to the National Development and Reform Commission of China⁵².

Thanks to the intensification of container rail traffic in the region, many operators continue to develop a network of transit routes. Thus, in accordance with its strategy the company RTSB-RUS (a subsidiary of the German logistics company RTSB GmbH) develops multimodal transportation through the port of Kaliningrad. The route passes through the Russian-Polish border crossing Mamonovo - Gronovo, and from the port of Kaliningrad further by sea to England, Sweden, Denmark. As of the end of 2020, the company operated 4,016 rail trains on the Silk Road routes, of which 2,647 were western container trains from China and 1,369 eastbound trains. At the start of its activity, the company sent only 46 block trains in 2015⁵³.

“TransContainer” company also plans to expand the geography of its services. The company announces a growing demand for the transportation of consumer goods from China to Europe in transit through Northern corridor and, in this regard, works out new routes. The operator organized the shipment of goods by land routes from China to Austria and Italy, as well as from China to Paris. At the Rail Freight Poland summit Vladimir Khlutkov, Director for Business Development in the Asia-Pacific Region of PJSC “TransContainer”, noted that the simplification of customs procedures will contribute to attracting additional transit freight traffic, namely, the complete removal of inspection of transit containers, as well as the development of the process of coordinating transit transportation plans, transparent and clear for all

⁵⁰ <https://events.railfreight.com/railfreight-summit-2021/programme/>

⁵¹ <https://gudok.ru/1520/newspaper/detail.php?ID=1581463>

⁵² <https://theloadstar.com/itll-be-quality-not-quantity-on-china-europe-rail-services-as-subsidies-fade/>

⁵³ <https://rtsb.group/ru/belt-and-road-initiative/>

market participants and developing infrastructure at the approaches to ports and border crossings.

The maritime operator Orient Overseas Container Line (OOCL), which is controlled by Chinese state-owned companies, together with UTLC ERA JSC opened a unique multimodal container service for the delivery of goods from China to the US East Coast through the Northern corridor. The train starts in China, passes through the territory of Kazakhstan and other neighbouring countries to the seaport of Kaliningrad. From there, OOCL delivers containers with cargo by feeder ships to the German city of Bremerhaven, where they are transhipped onto large-capacity vessels and sent to ports located on the US east coast - in New York, Savannah and Charleston. The first fast train started from China's Xi'an on August 4, 2021 with containers of textiles, electronics and consumer goods⁵⁴. Container block trains will carry 50 units of 40-foot containers at a time.

During the pandemic, a new online platform was launched in China where both rail operators and customers can register. The platform can automatically collect and integrate information about import and export by rail, and allows you to share information with the general customs department and railways of neighbouring countries such as Kazakhstan and Mongolia. The site also works as a marketplace for small and large suppliers. Users can track orders as well as ship containers. The site was created as part of the government's "Internet Plus" plan to modernize traditional services⁵⁵.

In general, the measures taken in China are aimed at the development of railway communications, in particular, reducing the cost of transportation and creating favourable conditions for consignors and consignees.

Subsidizing container transport in other countries

Some countries in the Northern corridor have been taking action in recent years.

In the autumn of 2021, the Government of one of the Northern corridor countries, approved the "Transport Strategy until 2030 with a forecast for the period until 2035"⁵⁶. According to the Transport Strategy, the forecast volume of transit container cargo by all modes of transport in the East-West direction by sea through the Suez Canal should increase from 14.1 million TEU in 2019 to 21.4 million TEU by 2035; in the direction East - West through the territory of the Northern corridor - from 0.6 to 3.7 million TEU, in the direction East - West along the Northern Sea Route - from 0 to 0.4 million TEU and in the direction North – South – from 0 to 0.1 million TEU. In general, while maintaining the current dynamics of containerization, it is planned to increase the share of cargo transported in containers from 8.2% in 2019 to 16-20% by 2035.

⁵⁴ <https://log-box.com/news/multimodalnye-tranzitnye-konteynerye-perevozki-poshli-v-rost>

⁵⁵ <https://sber.pro/publication/globalnaia-rekonstruktsiia-antikrizisnye-keisy-v-oblasti-zheleznodorozhnykh-gruzoperevozok>

⁵⁶ <https://mintrans.gov.ru/ministry/targets/187/191/documents>

The successful implementation of the “Transsib in 7 Days” project has yielded positive results. At present, container trains run a route of 10,000 km long from the Far Eastern port “Vostochny” to St. Petersburg, in 11 days. And it has become an alternative to sea transportation in this region, not only due to the reduction in delivery times, but also to ensuring the safety of goods along the way.

In May 2020, at the Meeting on the development of the transport industry, the allocation of funds to the railway transport industry as an anti-crisis measure was approved, and also agreed to raise funds through the perpetual bonds’ mechanism of the railway administration⁵⁷.

On 21 August 2020, the Government Decree No. 1265 was signed on subsidizing the transit rail transport of containers⁵⁸. This Decree approved the Rules for granting subsidies from the budget to the to compensate for lost revenues arising from the establishment of preferential tariffs for transit transportation by public rail transport of goods in containers.

The primary goals of the government measures were to increase the volume of container transit traffic, load the Trans-Siberian Railway and attract container traffic from Korea and Japan, which traditionally transport goods by sea through the Suez Canal. Therefore, the Appendix No. 1 to the Decree provided a clear list of routes that will be subject to subsidies in the East-West and West-East directions, which included port railway stations of the Pacific basin, the Baltic and Azov-Black Sea basins, as well as railway checkpoints with the Republic of Finland, the Republic of Belarus, the Republic of Poland and the Republic of Azerbaijan.

The preferential tariff in the Rules was understood as the tariff for services on the use of the public railway transport infrastructure in the amount reduced by the approved amount (no more than the size of such a tariff):

- *regarding transit transportation of goods in containers in the East-West direction:*
544 US dollars for a 20-foot container;
816 US dollars for 30-foot container;
1088 US dollars for 40-foot container;
- *regarding transit transportation of goods in containers in the West-East direction:*
363 US dollars for a 20-foot container;
544 US dollars for a 30-foot container;
725 US dollars for a 40-foot container⁵⁹

Subsidies were provided on a monthly basis according to reports of the railway administration within the budgetary appropriations provided for by the law on the budget for the corresponding financial year and planning period, as well as within the

⁵⁷ <http://kremlin.ru/events/president/news/63309>

⁵⁸ <https://base.garant.ru/74560383/>

⁵⁹ For clarity, the roubles were converted into US dollars at the exchange rate as of 28 August 2020, namely 0.014 roubles for 1 \$

limits of budgetary obligations conveyed in the prescribed manner to the Railway Transport Agency as a recipient of budget funds.

Subsidies were provided on the basis of an agreement on the provision of subsidies in accordance with the standard form established by the Ministry of Finance of this country. In order to receive a subsidy, the railway administration had to monthly, no later than the 20th day of the month following the reporting one, submit to the Agency for Railway Transport a report on the shortfalls due to the use of preferential tariffs in the form established in Appendix No. 2⁶⁰, as well as a report on the implementation of the indicators required to achieve the indicator of the result of granting a subsidy (in the form in accordance with Appendix No. 3⁶¹). As a calculation base, Price List No. 10-01 "Tariffs for the Transportation of Freight and Infrastructure Services Performed by Railways" was used (as amended and supplemented)⁶². Thus, when calculating the tariff, the payer for the transit transportation of the container was charged the total amount, minus the amount of the subsidy.

Paragraph 14 of the Rules explains that the result of granting a subsidy is the ratio of the actual value of the number of transit transportation of goods in containers, measured in pieces of loaded containers, to the planned value of the number of transit transportation of goods in containers, established in the agreement. In fact, we are talking about a monthly container transportation plan for the duration of the subsidy programme, which the railways had to calculate a month earlier. If the result of granting of the subsidy indicated in the report on the performance of the indicators was less than 1, then the provided subsidy was subject to return to the federal budget in the amount determined by the formula (paragraph 15):

$$V = V_0 \times \left(1 - \frac{d}{D}\right)$$

where

V_0 – the amount of the granted subsidy;

d - the actual number of transit transportations of containerized goods along the East-West and West-East routes

D - the planned number of transit transportations of containerized goods along the East-West and West-East routes, provided for by the agreement, established for the reporting period

The Rules also set out the exact deadlines and procedures for submitting reports to the Agency for Railway Transport, checking the completeness and correctness of information, their possible return due to inaccuracies or errors, as well as the deadlines for eliminating identified non-compliances.

It should be noted that subsidies were provided regardless of the type of container shipments (block train, single or group container shipments). From September to December 2020, i.e. during the actual period of the subsidy programme, 6,500 TEU

⁶⁰ https://base.garant.ru/74560383/#block_12000

⁶¹ https://base.garant.ru/74560383/#block_13000

⁶² https://base.garant.ru/12131790/53f89421bbdaf741eb2d1ecc4ddb4c33/#block_1000

were sent at a discount, although it was originally planned to transport about 7,500 TEU.

In general, for 2020, the growth of transit container traffic in the directions that were subsidized was 34.4%, and the total volume reached 83,000 TEU. That is, in just 3.5 months of the subsidy term, it was possible to increase the average monthly shipment of containers along designated routes by 4 times.

In 2021, the growth in the volume of container transportation in transit continued without subsidies. On 13 December 2021 the railways had transported the one millionth transit container from China to Europe. The cargo was sent as part of the regular container transit service of “UTLC ERA” JSC Dostyk-Buslovskaya. The volume of transit container shipments showed good positive dynamics over several years - by the end of 2021, this figure reached 1.1 million TEU, while the transit increase along the route through Kazakhstan amounted to 29.4%, along the route through Zabaikalsk - an increase of 72.5%, transit increased 4 times on the trans-Mongolian route ⁶³.

⁶³ <https://www.rzd-partner.ru/zhd-transport/comments/konteynernyy-rekord-ili-pervyy-million-rossiyskogo-tranzita/>

MEASURES TO PROMOTE MULTIMODAL TRANSPORT IN TRACECA COUNTRIES

Since the launch of the TRACECA programme and the signing of the Basic Multilateral Agreement on International Transport for the Development of the Europe-the Caucasus-Asia Corridor (MLA), all participating countries have been providing effective facilitation of transit traffic through their territories. The MLA Parties also agreed that *taxes, fees and other payments, regardless of their name or purpose, will not be levied in respect of transit traffic, with the exception of payment of costs for transport, customs services, services related to transportation, as well as payments for the use of transport infrastructure*⁶⁴.

Also, at present, 10 out of 13 TRACECA full members are participants in the Tariff Agreement between the railway administrations of the Commonwealth of Independent States, signed on 17.02.1993⁶⁵, namely – the Republic of Azerbaijan, the Republic of Armenia, Georgia, the Republic of Kazakhstan, the Republic of Kyrgyzstan, the Republic of Moldova, the Republic of Tajikistan, Turkmenistan, the Republic of Uzbekistan and Ukraine.

When transporting goods by rail in international traffic (export, import, transit), the participants in the Tariff Agreement apply uniform rates and conditions for calculating freight charges, which together constitutes the agreed Tariff Policy of the Commonwealth Member States (CIS TP). The CIS TP displays tables of rates for the transportation of goods in various types of rolling stock, messages, and also determines the procedure for applying rates. The Tariff Policy is approved for one year (from 1 January to 31 December) during the annual Tariff Conference on the improvement of the Tariff Policy. The rates and conditions of the CIS TP are unchanged and uniform for all participants of the Tariff Agreement, which are entitled to independently apply increasing or decreasing coefficients to the rates of the CIS TP, based on the prevailing market conditions.

Consequently, each country is entitled to apply additional measures to stimulate certain types of transport at the domestic level, based on its strategic programmes and sectoral tasks. At the same time, the participation of countries in international regional unions and communities imposes certain restrictions and obligations. The measures of state stimulation of multimodal transport applied in the TRACECA countries will be considered below.

The Republic of Azerbaijan stood at the origins of the organization of the international TRACECA programme and currently actively supports all initiatives. With a view to implementing a unified, flexible and transparent tariff policy in the field of transportation of transit goods through the territory of Azerbaijan, by means of

⁶⁴ http://www.traceca-org.org/fileadmin/fm-dam/pdfs/til_mla/MLA_Russian_with_ammendments.pdf

⁶⁵ http://www.kts-cis.ru/files/files/%D0%A2%D0%B0%D1%80%D0%B8%D1%84%D0%BD%D0%BE%D0%B5_%D0%A1%D0%BE%D0%B3%D0%BB%D0%B0%D1%88%D0%B5%D0%BD%D0%B8%D0%B5_%D0%B6%D0%B4_%D0%A1%D0%9D%D0%93.pdf

railways, sea transport, seaports and sea terminals, simplifying the border crossing procedure and transportation processes, in October 2015, in compliance with the Decree of the President of the Republic of Azerbaijan, the Coordinating Council for Transit Cargo Transportation was created, which was entrusted with the authority of a single state body to apply the “Single Window” principle in the transportation of transit cargo⁶⁶.

In December 2016, the Azerbaijani Government approved the “Strategic Roadmaps for the National Economy and Main Sectors of the Economy”. The main goal is to use the country's strategically advantageous position at the crossroads of trade routes coming from the north, south, east and west to promote domestic investment, ensure free trade and open competition, improve the skills of human resources and other areas for development of non-oil sectors.

Target indicators related to the development of the transport sector are contained in the Strategic Roadmap for the Development of Logistics and Trade in Azerbaijan, and are divided into 3 stages - short-term from 2016 to 2020, medium-term from 2021 to 2025 and long-term - from 2025.

The representatives of the Ministry of Transport, Communications and High Technologies of Azerbaijan, which, along with the Ministry of Economy, is responsible for the implementation of the tasks outlined in the sectoral Roadmap, noted that the transit and transport policy of Azerbaijan, as a landlocked country, is aimed at creating new infrastructure and diversification of transport connections, rational use of transit opportunities, provision of state support for transport projects, approximation of the legal and institutional framework to international standards, widespread introduction of transport and logistics systems that facilitate transportation and the process of moving goods.

"The successful completion of one of the strategically important regional infrastructure projects - the construction of the Baku-Tbilisi-Kars railway (opened on 30 October 2017) and the largest Baku International Sea Trade Port on the Caspian Sea (opened on 14 May 2018) is a vivid example of this" - said representatives of the Ministry of Transport.⁶⁷

“Ernst and Young” developed a draft "Strategy for the Development of the Azerbaijan Freight Logistics Industry", which assessed the current situation in the field of logistics, highlighted strengths and weaknesses, and identified concrete steps towards the development of various transport corridors.

The President of the Republic of Azerbaijan signed an Order on the creation of a special economic zone of the free trade zone model, including the territory of the Baku International Sea Trade Port. A law was also adopted that defines the legal regime for the functioning, development and management of the economic zone.

⁶⁶ <http://transit.az/ru/ferman>

⁶⁷ <https://www.trend.az/business/transport/3239130.html>

Regarding the state support measures for multimodal transport, the TRACECA National Secretariat in the Republic of Azerbaijan provided the following information. The country applies a 50% discount to the basic rail tariff for goods passing to/from the MLA countries.

“Azerbaijan Caspian Shipping CJSC” (ASCO) provides discounts on ferry fares. This mainly concerns oil products transported in the directions of Kazakhstan and Turkmenistan. In addition, a preferential fare has been approved for the passage of engine room guides accompanying refrigerated cars and engine room observers traveling in the direction of Kazakhstan.

To effectively maintain the course of the Republic of Azerbaijan to increase the export component, ASCO applies preferential tariffs for the transportation of domestically produced food products. Also, the rates of ASCO ferry lines for the transportation of trucks involved in international transportation to Kazakhstan and Turkmenistan were reduced by 40% compared to 2014. A major role in facilitating the processing and transshipment of goods was played by the opening in April 2019 of the logistics centre "Absheron Logistics Myarkazi"⁶⁸. The Centre operates as a customs point under the "Single Window" system; on its territory there are 6 railway lines for receiving trains, 2 container lines, 2 open freight lines and 2 lines for unloading and loading in the warehouse area.

As a member of the Association of Legal Entities "Trans-Caspian International Transport Route" (TITR), ASCO provides preferential rates for the transportation of container cargo by feeder ships in the China-Europe traffic. Other TITR participants from Azerbaijan - Baku International Sea Trade Port CJSC and “Azerbaijan Railways” CJSC - are actively involved within their competence in the formation of competitive tariffs for the entire length of container traffic from Southeast Asia.

50% of port fees is applied to Azerbaijani and Turkmen ferries transporting motor vehicles across the Caspian Sea in both Turkmenbashi and Baku International Sea Trade Ports on a parity basis.

In the **Republic of Armenia**, at the moment there are no measures at the state level aimed at supporting the development of multimodal transportation.

Bulgaria and Romania, being members of the European Union since 01.01.2007, are obliged to agree on the amount and types of state preferences sent to an individual enterprise or person, in accordance with EU rules, namely:

- the general rules for the control of the implementation of state aid, set out in articles 107, 108 and 109 of the Treaty on the Functioning of the EU⁶⁹;
- rules concerning the provision of state aid to small and medium-sized enterprises, adopted in 2009 ⁷⁰;

⁶⁸ <https://absheronport.az/ru/xeberler/65>

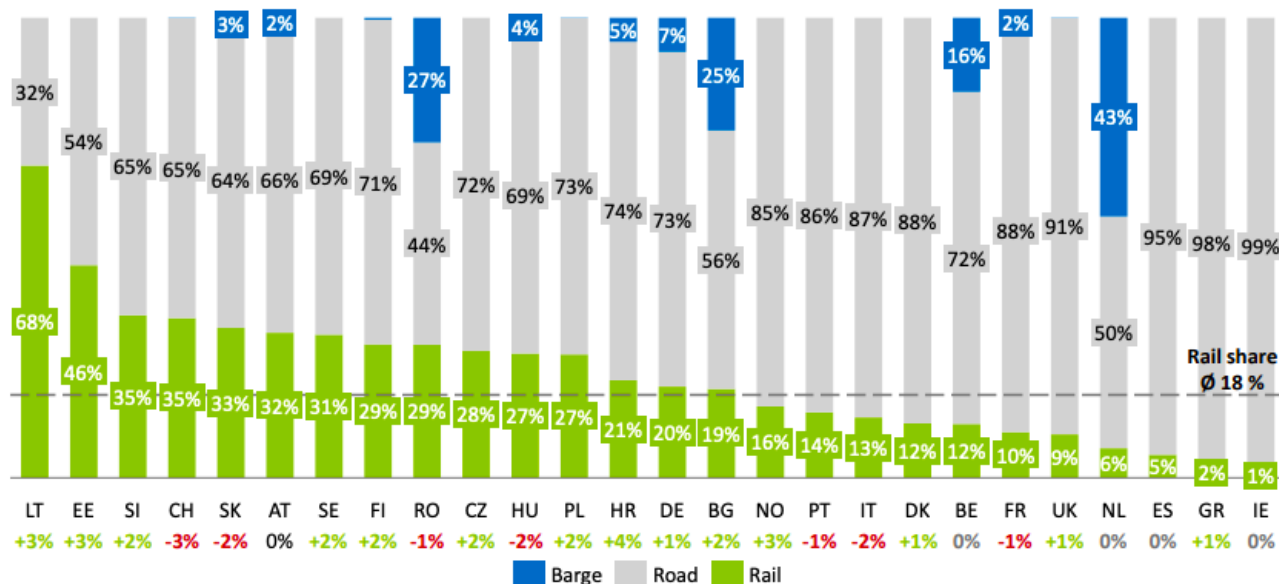
⁶⁹ <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A12008E108>

⁷⁰ https://ec.europa.eu/competition/state_aid/studies_reports/sme_handbook.pdf

- Handbook on the rules for the provision of state aid, approved by the European Commission in 2008 ⁷¹ .

In both countries, there are indirect incentive measures for combined transport, provided for by Directive 92/106/EEC, regarding exemption from tax on road transport in combined transport, exemption from cabotage, etc.

The share of transport modes for 26 European countries in 2018 and its change from 2016 (in % ton-km)⁷²



It should be noted that before joining the European Union, both countries had a rather old and worn-out infrastructure of railway transport, which required significant capital investments. Using the features of the landscape and geographical location, these countries keep the focus on the development of maritime transport, and especially river transport. The shares of intermodal units transported by inland waterways in both Bulgaria and Romania are among the highest in Europe, second only to that of the Netherlands.

In July 2020, within the framework of the Danube Transnational Programme, the “Dionysus” project was launched (implementation period from 01/07/2020 to 31/12/2022), which brought together interested representatives of port administrations and operators, business associations, academic communities and national authorized departments of the Danube countries with a view to solving the main regional problems in the field of planning and managing port infrastructure, as well as facilitating the integration of the participants in the Danube region into intelligent and sustainable multimodal transport chains .⁷³

“Dionysus” will help formulate policies for the development of the Danube transport corridor through a detailed analysis of the existing rail and road infrastructure

⁷¹ https://ec.europa.eu/competition/state_aid/studies_reports/vademecum_on_rules_09_2008_en.pdf

⁷² https://uic.org/IMG/pdf/2020_report_on_combined_transport_in_europe.pdf, p.8

⁷³ www.interreg-danube.eu/dionysus

for access to the Danube ports, highlight the shortcomings in it and provide recommendations for their elimination.

Bulgaria, following the Integrated Transport Strategy for the period up to 2030, approved by the Government decision No. 336 as of 23 June 2017, is carrying out the reconstruction and modernization of the railway lines that are part of the TEN-T network, as well as the construction of an intermodal terminal in Varna⁷⁴. The EU has allocated the funds for the implementation of the Strategy within the framework of approved projects, the funds from the state budget of the Republic of Bulgaria have also been allocated.

Under the auspices of the Ministry of Transport and Communications of the Republic of Bulgaria a "National Plan for the Development of Combined Transport in the Republic of Bulgaria until 2030" was prepared co-funded by the EU through the European Regional Development Fund and the Cohesion Fund.⁷⁵ It contains measures to stimulate combined transport until 2030, aimed at increasing its competitiveness and facilitating the transfer of goods from road to other environmentally friendly modes of transport.

In Romania, the General Transport Development Plan until 2030 provides for investments of about 2 billion euros for the maintenance and modernization of railway lines that coincide with the TEN-T Rhine-Danube and the Middle-East corridors. In addition, about 865 million euros are planned to be allocated for the development of the port of Constanta, 816 million euros - for the development of other ports, as well as about 281 million euros - for the construction of 10 multimodal terminals⁷⁶.

In order to encourage the use of combined transport, the infrastructure charges that the railway infrastructure manager collects for the operation of combined transports with block trains and for the transport of heavy vehicles with block trains are lower respectively by 10% and by 30%, in comparison to the charges for freight railway transport. It is worth noting the presence of free zones in the Romanian river ports on the Danube and in the Black Sea port of Constanta (free port), where significant discounts are provided for transshipment of goods and there are no certain duties and customs payments (for example, there is no fee for customs declaration of transit goods, no customs payments for imported equipment, machinery, etc.).

An example of effective regional cooperation on the Danube and its navigable tributaries, with the aim of identifying and eliminating administrative barriers to transport by inland waterways, is the "DANTE" project (implementation period from 01/01/2017 to 30/06/2019) as a joint initiative of the private sector and national government bodies responsible for these barriers.⁷⁷

⁷⁴ https://www.mtc.government.bg/sites/default/files/integrated_transport_strategy_2030_eng.pdf

⁷⁵ <https://brcci.eu/en/plan-combined-transport-2030>

⁷⁶ [https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/540376/IPOL_IDA\(2015\)540376_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2015/540376/IPOL_IDA(2015)540376_EN.pdf)

⁷⁷ <https://brcci.eu/en/dante>

“DANTE” was funded by the Danube Transnational Programme for 2014-2020 and is now functioning as a smart network supported by EUSDR/PA1A⁷⁸ and important relevant national stakeholders to provide better framework conditions for inland waterway transport (IWT). An active cooperation platform of at least 20 key stakeholders in the programme area includes the European Union Directorates (DG MOVE, DG Regio), representatives of the public and private sectors to overcome administrative and related financial barriers in 5 subject areas: Border Police, Tax and customs services; Navigation and dispatching bodies; Port authorities/administrations; Administrations of waterways and canals; Other.

The project partners collected and analysed information from stakeholders using the transnational tool for barrier reporting: (<https://www.prodanube.eu/administrativebarriers>). This innovative multilingual tool allows for a modern way of displaying the day-to-day barriers of IWT participants and has led to the creation of a database that serves as the basis for further analysis and recommendations. DANTE has systematically incorporated stakeholder consultation procedures into government laws and regulations related to IWT. All collected information was structured into consolidated reports and widely discussed with the competent authorities and key stakeholders at meetings and round tables at the national and transnational levels.

The implementation of the project has resulted in a better management of this environmentally friendly European central transport infrastructure and reduced logistics costs for all sectors of the economy the competitiveness of which on a global scale depends on water transport.

Georgia has adopted the Programme of the Government of Georgia for 2021-2024 titled “For the Construction of a European State”, which is generally focused on overcoming the negative consequences of the coronavirus pandemic as quickly as possible and resuming economic growth, and by the end of 2024 - ensuring that the country is ready to submit a formal application for membership in the European Union⁷⁹. As for the transport sector, it is planned to strengthen Georgia's position as a logistics hub, which will improve the transit potential and promote regional cooperation. “We plan to work with partner countries on the digital provision of the transit corridor, which will increase the efficiency and sustainability of cargo transportation through Georgia,” as explained in the Government programme.⁸⁰

The official website of the Ministry of Economy and Sustainable Development of Georgia notes that in the field of transport “one of the main priorities of the Government is the coordinated functioning of the transport sectors, the modernization / construction of transport infrastructure in accordance with international standards, the harmonization of the country's legislation with international law and integration into

⁷⁸ Priority area 1A of the EU Strategy for the Danube Region (EUSDR PA1a) aims to improve mobility and multimodality on inland waterways. The focus is on waterway infrastructure, fleet modernization and administrative processes - <http://www.fairwaydanube.eu/eusdr/>

⁷⁹ <https://www.dw.com/ru/parlament-gruzii-utverdil-pravitelstvo-iraklija-garibashvili/a-56657139>

⁸⁰ <https://www.trend.az/business/transport/3384804.html>

the Trans-European Transport Network.”⁸¹ In this regard, the Government is implementing major infrastructure projects that help attract additional trade flows and increase the efficiency of national transport systems.

In Georgia, a number of projects are currently being implemented related to the aviation transport sector, the National Road Safety Strategy for 2016-2030 and Action Plan for its implementation have been prepared, with the support of the World Bank, a feasibility study for the construction of two logistics centres has been developed.⁸²

In the nearest future, Government of Georgia plans to announce EOI for selecting new investor for development of the phase 1 of Anaklia deep-water seaport based on the BOT model, which will allow receiving Panamax-type vessels and provide additional cargo handling capacity of 1 mln. TEU. Cost of phase 1 is estimated at 474 mln. US dollars. The state will provide a long-term lease of 1,000 hectares of land in the port water area and provide access railway and road routes. The state will also construct breakwater, conduct dredging and provide marine services. In addition, the area around the port of Anaklia will be granted the status of a free industrial zone. In a long term, Anaklia port will be developed in 9 phases and its capacity will eventually reach 100 mln. tonnes of cargo per annum.

Another important project, the implementation of which significantly influenced the development of the entire transport industry in Georgia, was the construction of the Baku-Tbilisi-Kars railway line, which was initiated by the signing on 7 February 2007 of an Intergovernmental Agreement between Azerbaijan, Georgia and Türkiye. Within the framework of the project, the Kars-Akhalkalaki railway was laid covering 98 km, of which 68 km - through Türkiye, 30 km - Georgia, as well as the 183-km Akhalkalaki-Tbilisi section in Georgia was reconstructed. The project provides for the maximum throughput of this railway section up to 17 million tons per year and significantly reduces the time for trains to travel from Asia to Europe. The total length of the Baku-Tbilisi-Kars railway is 826 km⁸³.

The Islamic Republic of Iran is one of the countries that has a special status in trade and transit relations due to its geostrategic position and special geography. The main task identified by the leadership of the Islamic Republic of Iran is to increase the capacity for the transit of goods. It is noted that the optimal use of the transit potential by expanding the transport network, providing reliable and efficient connections will contribute to economic growth and will make transit revenues a suitable alternative to oil exports, and will also improve the strategic position in the region.

Iran's plans include the development of the Shahid Rajaei port, the country's largest and best equipped container port in the south, as well as the Chabahar port in the southeast, connecting ports to the railway network, as well as improving customs measures, such as facilitating transit procedures at border crossings.

⁸¹ <http://www.economy.ge/?page=ecopolitic&s=20>

⁸² <http://www.economy.ge/?page=projects&s=31>

⁸³ <http://interfax.az/view/825707>

The main priorities of the Ministry of Transport and Urban Development of Iran consist in the development of the North-South corridor, the East-West corridor and the improvement of transit infrastructure in the country⁸⁴. According to the Ministry of Infrastructure and Urban Development, 500 projects have been launched in the field of ports, navigation, road and motor transport, railways, airports, construction and development, as well as metrology throughout the country.⁸⁵ However, there is no open source information on subsidies or other preferences for multimodal transportation.

For example, **in the Republic of Kazakhstan**, the “Nurly Zhol” State Infrastructure Development Programme for the period 2020-2025 is being implemented.⁸⁶ Some of the activities envisaged in the Programme were effectively integrated into the National Project “Strong Regions – Driver of the Country’s Development”, and among the main goals of which were⁸⁷:

- ensuring transport connectivity;
- increasing the transport and transit potential of the country.

The Cooperation Plan was approved and signed to pair the new economic policy "Nurly Zhol" and the construction of the "Silk Road Economic Belt" between the Republic of Kazakhstan and the People's Republic of China⁸⁸.

As a result of the implementation of the tasks set by the Government, thousands of kilometres of highways were put into operation, construction of new railway lines and electrification of the existing ones is under way, modernization and equipping of checkpoints is on-going, the construction of the "dry port" "Khorgos - Eastern Gate" has been completed, a logistics container hub is being created on the basis of the port of Aktau.

Regarding special measures of state support in the field of transport, we can note the tool for costs recovery associated with the delivery of goods and payment for transportation services by road, rail, air and sea transport, as well as the costs of organizing such types of transportation. It is only about those transport activities that are directly related to the promotion of processed goods of Kazakh origin for export and the resulting information and communication services.

To that end, within the framework of the State programme of industrial and innovative development for 2020-2025⁸⁹ special Cost Recovery Rules were adopted, including a list of domestic processed goods and services for their promotion to foreign markets (for example, participation in exhibitions, fairs, etc.).⁹⁰ These Rules provide for the possibility for economic entities to receive a refund from the state budget of up to 75,000 monthly calculation indexes (MCI) per domestic manufacturer, regardless of

⁸⁴ <https://www.tehrantimes.com/news/469893/Iran-planning-major-steps-for-developing-intl-railway-corridors>

⁸⁵ <https://www.tehrantimes.com/news/469906/Transport-Urban-Development-Ministry-inaugurates-500-projects>

⁸⁶ <https://primeminister.kz/ru/gosprogrammy/gosudarstvennaya-programma-infrastrukturnogo-razvitiya-rk-nurly-zhol-na-2020-2025-gg-9115141>

⁸⁷ <https://primeminister.kz/ru/news/nacionalnyy-proekt-silnye-regiony-drayver-razvitiya-strany-1595254>

⁸⁸ <https://adilet.zan.kz/rus/docs/P1600000518>

⁸⁹ <https://primeminister.kz/ru/gosprogrammy/gosudarstvennaya-programma-industrialno-innovacionnogo-razvitiya-respubliki-kazahstan-na-2020-2025-gody-9113624>

⁹⁰ <https://adilet.zan.kz/rus/docs/V1500012730>

the number of applications from subsidiaries and official representative offices of this applicant (about 550 thousand US dollars). If transportation is carried out by own transport, then the amount to be reimbursed will be 0.04 MCI per 1 kilometre of run. In fact, every enterprise in Kazakhstan that directly manufactures products and sends them for export can claim reimbursement from the state for about 50% of their entertainment allowance related to transportation (paragraph 9 of Article 5 of the Rules).

In the **Kyrgyz Republic**, within the framework of the National Development Strategy of the country until 2040, the National Development Programme of the Kyrgyz Republic until 2026 was adopted on the basis of long-term strategic goals for the development of the country with a focus on people and an emphasis on the fundamental commitment to “leave no one behind” of the Sustainable Development Goals.⁹¹

As part of the implementation of the Program, measures are envisaged in seven priority areas:

- 1) anti-crisis measures;
- 2) management reform;
- 3) formation of an environment for development;
- 4) key sectors of the economy;
- 5) social development;
- 6) foreign policy and national security;
- 7) special priorities.

The state company "Kyrgyz temir jolu", providing rail transportation, has been a member of the CIS Tariff Agreement since 1993, and since 02.03.2017 has been fully applying the Tariff Guidelines in relation to railway tariffs.

Since 2015, the Kyrgyz Republic has been implementing a common transport strategy within the Eurasian Economic Community and takes part in organizing container trains from China to Europe and vice versa through the territories of the EAEU countries. At the same time, at the moment, no additional measures to stimulate multimodal transport communications are being implemented.

The **Republic of Moldova** has a relatively extensive network of transport infrastructure, but the assets of the "Soviet" period have suffered from underinvestment and insufficient maintenance. To this end, the Transport and Logistics Strategy of the Republic of Moldova for 2013-2022 set the task of developing and reconstructing the national road network, including secondary roads. Also, the Plan on Implementation of the Strategy approved by the Government of the Republic of Moldova provides for the construction of a multimodal logistics center in Chisinau, which will significantly reduce the cost of transportation using several modes of transport and simplify customs procedures.

⁹¹ <https://www.gov.kg/ru/programs/16>

The survey of the Organization for the Economic Commonwealth and Development (OECD), with reference to the statistics of the International Transport Forum (ITF), shows that in the period from 2000 to 2018, Moldova annually spent on average 0.57% of its GDP on total domestic transport infrastructure, which is significantly less compared to other countries of the Eastern Partnership, namely: Armenia - 1.0% (2008-2016); Azerbaijan - 2.0% (2000-2018); Belarus - 2.8% (2005-2018) and Georgia - 2.7% (2002-2018), focusing on roads and road maintenance.⁹²

The analysis of official statistical data of the Republic of Moldova shows that during the last decade there has been a steady trend of transition from rail transport to road transport in both freight and passenger transportation. The reason for this is the great deterioration of the rolling stock and the corresponding railway infrastructure. So, if in 1995 railway transport provided 73% of freight turnover (in ton-kilometres) compared with 27% for road transport, by 2019 these proportions have changed to the opposite – 86% of road transport versus 14% of railway transport. In absolute terms, the freight turnover of railway transport decreased by 70% from 3.1 billion t/km to 0.9 billion t/km, while the freight turnover of road transport increased by 380% from 1.2 billion t/km to 5.6 billion t/km. The share of railway transport in passenger turnover also decreased from 15% in 2006 up to 1% in 2019, only with a shift to air transportation. In absolute terms, the railway transport has become the only mode of transport with a decrease in freight turnover (by 84% from 471 million passenger-km to 75 million passenger-km), while all others have grown (automobile by 59%, river by 34% and air by 397%).⁹³

And although the National Strategy of Moldova 2020 entitled "Seven Solutions for Economic Growth and Poverty Reduction" in the transport sector was aimed exclusively at the need for quality road infrastructure, nevertheless, in the period 2016-2022, the project "Moldovan Railways Restructuring", financed through EBRD loans, was developed at the state level, as well as the European Investment Bank.

According to the OECD, in general, the planned transport infrastructure projects and those which are under construction in Moldova amount to about 1.3 billion euros and relate mainly to the road sector (79% or 1 billion euro). Railway projects account for 19% or 241 million euros and river port projects - 2% or 31 million euros. Through lending by the European Investment Bank to the national railway operator CFM (Moldova Railways), the following projects have been implemented and are under implementation:

- purchase of 12 multipurpose diesel locomotives in the amount of 45 million euros (put into operation in July 2020);
- repair of about 80 km of single-track lines on Bender – Chisinau – Ungheni – Balti – Oknita route (overall project budget 130 million euros);
- repair of 233 km of railway lines on Bender - Basarabasca - Etulia – Giurgiulesti route in the amount of 115 million euros (started on 01.06.2022);

⁹² <https://www.oecd-ilibrary.org/sites/986fb125-en/index.html?itemId=/content/component/986fb125-en>

⁹³ <https://portal.cor.europa.eu/divisionpowers/Pages/Moldova-Transport.aspx>

- repair of railway lines on Ungheni – Chisinau section (preliminary budget of 70-75 million euros) with the involvement, along with the interested parties of Moldova, Romania and the European Union, of France as a partner.⁹⁴

It should also be noted that as a result of the "Moldovan Railways Restructuring" project, the state enterprise "CFM" was transformed into a joint-stock company, with its division into three separate companies by fields of activity: freight transportation, passenger transportation and railway infrastructure management.

Currently, a new strategy for the development of the country called "Moldova 2030" has been formulated, where priority is given to the following areas:

1. Sustainable and inclusive economic development
2. Long-term human and social capital
3. Fair and efficient institutional bodies
4. Healthy environment.

There are no exclusive preferences for multimodal communications passing through the territory of the Republic of Moldova.

The policy of the **Republic of Tajikistan** is aimed at further development of the export potential of the national economy and comprehensive support for foreign investment. In July 2021, the Government presented the State Programme for the Development of Exports of the Republic of Tajikistan for 2021-2025, formulated within the framework of the goals and priorities contained in the National Development Strategy of the Republic of Tajikistan for the period up to 2030⁹⁵.

The implementation of this Programme contributes to the expansion of foreign trade turnover, development of exports, strengthening of export-oriented and import-substituting industries, diversification of exports of goods, facilitation of trade procedures, development of electronic commerce, improvement of the investment climate, as well as the creation of a partnership climate and cooperation between the state and the private sector, creation of modern logistics centres, development of international communication, transport and economic corridors.

The official website of the Ministry of Economic Development and Trade of the Republic of Tajikistan notes that the programme includes two stages. The first two years are the stage of forming a comprehensive system of export support, taking into account the best practices of foreign countries, aimed at stimulating export activities and diversifying the export of goods and markets, as well as simplifying trade procedures (until the end of 2022), and the second stage is designed for the effective functioning of the national export support system and new financial mechanisms, as

⁹⁴ According to the information provided by the National Secretary of the Republic of Moldova by letter No. 02/22/098 dated 11.07.2022.

⁹⁵ <https://medt.tj/ru/news/novosti-ministerstva-ekonomiki/2010-barnomai-davlatii-rushdi-sodiroti-um-urii-to-ikiston-baroi-sol-oi-2021-2025-muarrif-gardid>

well as non-financial measures to support and promote non-food exports based on a rapidly developing transport and logistics infrastructure.

About 100 investment preferences of various nature have been implemented in the country, depending on the volume of investments and the chosen sector or investment object. So, for example, investments with a total amount of up to 500 thousand US dollars are exempt from income tax for 2 years, while an investor who has invested more than 5 million dollars is not required to pay income tax during 5 years.

Almost all investments in the agricultural sector are exempt from VAT and customs duties. Enterprises that carry out a full cycle of cotton fiber production are exempted from paying income tax, real estate tax, customs duties on imports of goods for their own needs for 12 years.

Transportation of the following goods, including for export, does not require payment of VAT:

- precious metals and stones;
- jewellery made of precious metals and stones;
- primary aluminium;
- metal concentrates;
- industrial ore;
- scrap of ferrous and non-ferrous metals;
- other metals obtained in the Republic of Tajikistan.

A complete list of preferences is published in the brochure "Investment Opportunities in Tajikistan" and posted on the website of the State Committee for Investments and State Property Management of the Republic of Tajikistan.⁹⁶

The most striking examples of successful cooperation between the state and foreign investors in the field of transport are the following:

- construction of the Dushanbe-Dangara highway jointly with the Exim Bank of the PRC in the amount of 256.27 million US dollars;
- construction of the highway Dushanbe - the border of Uzbekistan in cooperation with the Asian Development Bank (ADB) in the amount of 131.2 million US dollars;
- construction of the Dushanbe-Kyrgyz border highway jointly with ADB in the amount of 76.5 million US dollars;
- construction of the Kulyab-Kalai-Khumb highway, the Shurabad-Shokhon section, together with the Saudi Development Fund, the OPEC Fund, the Islamic Development Bank, the Kuwait Development Fund and the Abu Dhabi Fund for a total amount of 92.9 million US dollars;
- construction of the Dushanbe-Khujand-Chanak highway and the Shakhristan tunnel, together with the Chinese company "China Road and Bridge Corporation", for a total amount of USD 310 million.

⁹⁶ <https://investcom.tj/uploads/invest2019.pdf>

As for **Türkiye**, significant work is being done in the country to develop the railway sector. As of July 2022 in Türkiye; there is a total of 13,050 km of railway lines, of which 1,241 km are High Speed Train (HST) lines, 219 km are Rapid Train (RT) lines, 11,590 km are conventional lines. Construction work continues on a total of 4,693 km, 826 km of which is HST lines, 3,553 km of which is RT lines and 314 km of conventional lines⁹⁷.

High-speed trains began to run between major cities in Türkiye, and in terms of the length of the high-speed railway network, it became eighth in the world, and sixth in Europe. Along with the construction of new railway lines, large car-building and machine-building enterprises were built in the country. To date, 51% of the locomotives plying the country, as well as 90% of the railway wagons and rails used, are made in Türkiye.

For example, the company Kardemir of Türkiye is one of the 16 leading manufacturers of wheelsets for rolling stock in the world. Thanks to new investments in Kardemir, the import of wheel sets will be stopped in the near future. Moreover, over the next two years, it is planned to export 150,000 units of railway wheel sets.

Implementation major projects such as Marmaray, Eurasia Tube Crossing, Yavuz Sultan Selim Bridge, 1915 Çanakkale Bridge, the Baku-Tbilisi-Kars Railway Line, Istanbul Airport, etc. make significant contributions to the development of regional connectivity and multimodal transportation. In this context, 'SmartIST', designed to be the largest industrial building under a single roof at Istanbul Airport, has reached an annual cargo handling capacity of 2 million tons and will reach an annual capacity of 4 million tons in an area of 340 thousand square meters when all phases are completed. It is stated that the facility, which is equipped with smart technologies such as augmented reality, automatic storage systems, robotic process automation and unmanned land vehicles, will carry the quality of Cargo's service of Türkiye much further in terms of operational speed and quality.

As of the end of 2021, a total of 526 million tons of general cargo, 11.7 million TEUs of container and 670 thousand trucks/trailers on 31 international ro-ro lines were handled in ports of Türkiye. The “Port Single Window Project” was implemented on July 1, 2018, in line with the standards set in the IMO FAL Convention and other international practices, in order to facilitate maritime trade by conducting it in a faster, simpler and safer way and to contribute to economic development. In addition, intergovernmental and regional works are done within international organisations and on a bilateral basis.

With the aim of increasing the volume of rail transport through the Middle Corridor, Ministers of Türkiye, Bulgaria, Serbia and Hungary responsible for transport sector met in Istanbul on July 5, 2022 and signed a Protocol on the establishment of the Ministerial Coordination Council, the task of the Council will be further development of rail transport through realization of infrastructure projects, facilitation

⁹⁷ Provided by the National Secretariat.

of border procedures and exchange of knowledge and experiences. This will also contribute to the multimodal transport through TRACECA.

The Combined Transport Regulation on the support for combined freight transport and green logistics activities provided by the Ministry of Transport and Infrastructure was enacted on 27/05/2022. Within the scope of this regulation, real and legal persons carrying out green logistics activities can benefit from the support measures. Some of measures will be highlighted below.

1. Exemption of TIR drivers from taxes and tolls in road transport
2. Establishment of different support mechanisms for infrastructure investments.

Significant infrastructure works continue to be carried out in Türkiye and various types of support and incentives are offered to accelerate the project development process. In order to ensure that exporters penetrate into international supply and distribution chains more quickly and with competitive prices, also to create infrastructure opportunities that will stabilize export performance in important markets on Supporting Foreign Logistics Distribution Networks that was enacted on 20 April 2022 has been published.

3. Implementation of different practices in addition to existing policies for the development of multimodal transport

Railway enterprises in Türkiye were liberalized with the 'Law on Liberalization of Railway Transport in Türkiye' on 24/04/2013 in order to ensure that passenger and freight transport by rail is offered at the most appropriate, efficient and lowest possible price in terms of service quality.

For the period 2017 - 2021 the **Republic of Uzbekistan** carried out a number of reforms aimed at developing the country's transport and transit potential, modernizing railway transport, as well as increasing the capacity of roads, airports, logistics centres and border crossing points. The Decree of the President as of 28 January 2019, No. UP-5643 "On measures to improve the management system in the field of investment and foreign trade", established the following main tasks facing the country:

- creation of favourable conditions for access of local goods and services to foreign markets;
- implementation of an optimal customs and tariff policy;
- formation of effective transport corridors;
- diversification of the geography of deliveries of export products to foreign markets;
- development of modern logistics networks ⁹⁸.

Despite the fact that over the past 5 years the economy of the Republic has grown by 24%, the volume of exports has increased by 1.5 times and the attracted foreign investment more than tripled, the Government of Uzbekistan plans to increase the

⁹⁸ <https://lex.uz/ru/docs/4182349>

export potential by 1.7 times to 30 billion dollars by 2026, and the total volume of cargo transportation - by 1.4 times, while the volume of international transportation (export, import and transit, excluding pipeline transport) will increase by 1.6 times⁹⁹. In order to implement the above plans, the Government of Uzbekistan provides systematic state support and stimulation of the export activities of business entities, as well as creates the most favourable conditions for attracting foreign investment. Decree of President of the Republic of Uzbekistan No PP-4337, as of 24 May 2019 “On measures to expand financing mechanisms and insurance protection of export activities” introduced a mechanism for providing subsidies to compensate up to 50% of the costs of transporting domestic products by rail¹⁰⁰. Decree No PP-4707, as of 07.05.2020 “On measures to further support export activities” extended the subsidy mechanism to road and air transport¹⁰¹.

The list of products, the export of which is compensated for part of the costs of its transportation by road, rail and air, includes almost all potentially containerable cargo. Below are some examples of applicable discount rates.¹⁰²

- all cargoes, except for grain and flour - 50-60%;
- fresh fruits and vegetables (in refrigerator sections) - 50%;
- cargo in private wagons owned by residents - 15%;
- flour processed on the territory of the Republic of Uzbekistan - 45%;
- food components and additives - 50%;
- poultry meat in refrigerated sections - up to 60%;
- fruits and vegetables and perishable products for a 40-foot container and above a special rate of 305 USD per 1 container;
- cargo in a 40-foot private container as part of a loaded container train (at least 57 conditional wagons) - special rate of 514 USD per 1 container.

The website of “Uzbekistan Temir Yollari” JSC provides a complete list of export products and the corresponding discounts, as well as a list of imported goods to the Republic of Uzbekistan, the cost of transportation of which is also subject to subsidies. Separately, discounts are indicated for the transportation of goods in the "transit" mode from Kazakhstan, as well as the freight traffic to / from Tajikistan, to / from Afghanistan, to / from Kyrgyzstan, from China to Iran, Afghanistan and in the opposite direction. The site also contains information on the preferences granted for 2022 by the administrations of the railways of foreign countries for the transportation of goods of the Republic of Uzbekistan.¹⁰³

In **Ukraine**, the basis of the country's long-term development and strategic orientation was approved in the Ukraine-2020 Sustainable Development Strategy, adopted in January 2015¹⁰⁴. This document fixed the vector of further integration with

⁹⁹ <https://mift.uz/ru/menu/transportirovka>

¹⁰⁰ <https://lex.uz/ru/docs/4351734>

¹⁰¹ <https://lex.uz/ru/docs/4806740?ONDATE=07.05.2020%2000#4807563>

¹⁰² https://railway.uz/ru/uslugi/gruzovye_perevozki/5424/

¹⁰³ https://railway.uz/ru/uslugi/gruzovye_perevozki/5424/, Appendix №2.

¹⁰⁴ <https://zakon.rada.gov.ua/laws/show/5/2015#Text>

the EU and provided for the implementation of the Association Agreement between Ukraine and the EU as part of the strategic course.

With regard to the transport industry, it can be noted that due to the implementation of the provisions of the Association Agreement regarding the implementation of national legislation in compliance with European norms and standards, the transport legislation of Ukraine is maximally adapted to the European legislative framework.

In March 2021, the National Economic Development Strategy until 2030 was approved by Resolution No. 179 of the Cabinet of Ministers of Ukraine. It defines a long-term economic vision, principles and values, unacceptable directions (“red lines”), key vectors of economic development and, for each of the 20 areas - strategic goals, ways to achieve them, taking into account existing and potential challenges and barriers, as well as the main tasks of the state economic policy and target indicators for the period up to 2030¹⁰⁵.

In November 2021, the Law on Multimodal Transportation was adopted, which fixed unified concepts in this area, the rights, obligations and limits of liability of all participants in this type of transportation, and also made it possible to carry out transportation by various modes of transport using a single contract.

However, the high degree of adaptation of the Ukrainian regulatory framework in the field of transport to the European standards is an insufficient measure for the growth of industry indicators. Thus, the dynamics of the volume of transit cargo from 2011 to 2021 showed almost one-third decrease¹⁰⁶. The profile state-owned company Ukrzaliznytsia announced an increase in railway tariffs for freight transportation across Ukraine from the beginning of 2022, which probably will not contribute to attracting additional freight traffic.

The implementation of infrastructure projects in Ukraine is carried out at the expense of credit funds from international financial organizations, as well as the implementation of public-private partnership projects (mainly in ports). The construction of logistics centres and container terminals is funded by the private sector. Currently, no additional measures of state support for multimodal transportation are applied.

¹⁰⁵ <https://www.diva-portal.org/smash/get/diva2:1577493/FULLTEXT01.pdf>

¹⁰⁶ https://cfts.org.ua/articles/gruzoperevozki_po_zheleznoy_doroge_2020_top_5_trendov_1877

PROPOSALS TO INCREASE COMPETITIVENESS OF MULTIMODAL TRANSPORT ALONG THE TRACECA ROUTES

This study showed that a very important condition that can be considered mandatory for the development of multimodal technologies, especially in transit traffic, is the application of state measures to support such transportation.

The experience of the European Union countries proves that the most effective and widely used public policy instruments in various European countries to support the change of modes of transport are such economic measures as the provision of grants and subsidies, and from administrative measures - the introduction of legislative initiatives.¹⁰⁷

Moreover, it is efficient for the development of multimodal transportation to apply measures of direct investment in infrastructure projects, as well as comprehensive measures aimed at reducing the cost of transportation and increasing competitiveness compared to uni-modal transportations. At the same time, the factor of sustainability of such measures in the long term should not be overlooked, since the modal shift from road to rail transport as well as shipping leads to a reduction in harmful emissions into the atmosphere and the preservation of the environment.

The practice of government incentives applied in Germany deserves special attention, since the volume of traffic on land routes between Germany and China and back has shown a positive trend over the past decade.

Support measures taken in the People's Republic of China in the form of subsidizing a part of transport costs have significantly increased the attractiveness and availability of inland transportation, ensuring the modal shift from traditional maritime routes.

And the measures to reduce the cost of transportation by rail, taken by some countries in 2020, although they were of a short-term nature, however, made it possible to achieve a significant increase in the volume of transit cargo, which in general for the period from 2019 to 2021 increased 4 times. The steady increase in the cost of sea freight over the past couple of years has shown that this practice is no longer appropriate.

The TRACECA countries that signed the Basic Multilateral Agreement, thanks to joint programmes, have achieved significant results in the development of container transportation. In order to consolidate these results and maximize the potential of multimodal transport, as well as the possibilities of the existing transport infrastructure, it is recommended to combine efforts and take real steps in the following areas:

1. Consider the possibility of exempting road carriers involved in multimodal transportation of goods along the routes of the TRACECA corridor from:

- **taxes** (value added, transport and income tax);

- fees for the use of road infrastructure, except for vehicles exceeding the maximum permissible weights and dimensions.

This requires regulating a clear definition of road transport, which is part of the multimodal transport of goods, as well as considering the **issue of limiting the maximum distance** to the nearest railway station or logistics centre where the change of mode of transport will be carried out.

The adoption of these measures will help reduce queues at automobile checkpoints and, in addition, reduce the load on the road infrastructure, increasing its service life.

As part of the implementation of this recommendation, it is important to ensure full compliance with the provisions of the MLA regarding taxes and other payments in terms of exemption from their payment.

2. Provide separate support measures for new investments in infrastructure and facilities for combined transport.

When implementing investment projects for the development of transport infrastructure, it is proposed to consider the following types of preferences:

- exemption from customs duties and value added tax on the import of equipment and materials used in construction;

- provision of state in-kind grants in the form of land plots, buildings, facilities, machinery or equipment, production and household equipment, and others. First of all, the implementation of investment projects should be aimed at maximum harmonization of capacities and throughput capacity of infrastructure facilities of the TRACECA border countries. For example, the throughput capacity of seaports on the Caspian Sea differs significantly and will not allow for the transportation of goods in the event of an increase in cargo flows. The situation is similar between the countries of Central Asia, the Caucasus and the Black Sea.

During the project implementation period, it is also advisable to consider the possibility of granting tax preferences for income tax, land tax and property/or real estate tax. At the same time, it is important to take into account that the greatest efficiency from these measures will be achieved not only during the construction period, but also during the first years of operation of the transport infrastructure. The adoption of such measures would stimulate the attraction of private sector investment.

It would be worthwhile to highlight the experience of Germany regarding the definition of a funding limit, which is set at up to 80% of eligible investment costs in the form of non-repayable subsidies. In this case, it is necessary to clearly delineate the functions of the interested state bodies of the various member states and appoint an authorized structure / or body that will process applications in order to exclude the possibility of submitting the same project applications to several bodies.

The measures envisaged in this recommendation require changes in the national legislation of the countries, including by-laws adopted at the level of sectoral laws.

3. Adopt/continue to implement measures concerning stimulation of exports by reimbursing part of the expenditure on transportation costs.

The experience of the TRACECA countries shows that this instrument has two main results - an increase in the volume of foreign trade (in terms of exports of products) and a decrease in the value of transport costs in the products' final price.

In order to develop competencies and share experience, at the initial stage, it is proposed that countries interested in taking similar measures consult with countries that are already successfully applying this practice in order to study the detailed mechanism and results from the measures taken. This will reduce the time for the development and adoption of rules for the implementation of this type of support at the state level.

The peculiarity of these measures is that they are primarily aimed at supporting foreign trade and realizing the export potential of the TRACECA countries and are not designed to be applied to transit goods originating from countries that are not members of the MLA.

4. Adoption of consolidated measures to set a competitive through tariff within the routes of TRACECA corridor

It is important to note that the adoption of unilateral measures of financial support by any TRACECA country will not have a significant effect, therefore, it is proposed to adopt a comprehensive package of measures with a view **to achieving a through tariff for the multimodal transportation of one 40-foot standard container (FEU) along the TRACECA corridor in the size of 3000 US dollars.**

To this end it would be appropriate:

- 1) to accept unified rates for rail transportation within 0.40 US dollars per kilometre on land sections of multimodal routes;

Calculations were made on the basis of comparison of the ERAI EURASIAN RAIL ALLIANCE INDEX¹⁰⁸ indicator of the cost of one FEU along the alternative northern corridor and along one of the TRACECA routes, namely Altynkol-Aktau-Baku-Kars-Istanbul.

The total length of the Altynkol-Malashevichi route through Kazakhstan, Russia and Belarus to the Polish border is about 8000 km. At the end of March 2022, the cost of transporting one container FEU amounted to \$3080 in the direction of China-Europe and \$2867 in the direction of Europe-China, i.e. \$0.39 and \$0.31 per kilometre, respectively. For data comparability, the direction of transportation from China to Europe will be taken.

¹⁰⁸ <https://index1520.com/en/index/>

According to the tariffs of the ALE "IA" TITR ¹⁰⁹, the transportation of one FEU along the route Altynkol-Aktau-Baku-Kars-Istanbul with a total length of 6397 km is 3383 US dollars, of which \$460 is the cost of transportation by a feeder vessel.

If \$460 is subtracted from the total cost, then the cost of the land section by rail will be \$2923. Transshipment of wagons in the port of Aktau costs \$67, in the port of Alyat about \$73¹¹⁰. Consequently, the cost of transportation by rail for the route under consideration will be \$2783 (2923 – 67 – 73 = 2783), and its length is 6397 – 380 = 6017 km, i.e. \$0.46 per kilometre from the Chinese border to Istanbul.

Thus, the transportation of one 40-foot container by rail along the Northern Corridor costs \$0.39/km, and within the TRACECA corridor - \$0.46/km, which is 18% higher. Taking into account recommendations to reduce the cost of offshore sections of multimodal transportation, the adoption of a unified railway tariff within \$ 0.40 per kilometre will allow providing a through tariff on the above route within \$ 3,000.

2) to reduce by 15% the cost of maritime sections of multimodal transportation in the Caspian and Black Seas:

Currently, transportation of one 40-foot container in the Black Sea costs about 1,000 US dollars, in the Caspian Sea, as noted above, 460 US dollars. Tariff reductions solely on rail transport will not allow for achieving a competitive level of tariffs compared to the maritime or northern corridor.

In order to regulate tariffs on the sea sections of the TRACECA corridor, it can be recommended to exempt seaports from paying value added tax; also – to consider the possibility of partially subsidizing terminal costs in ports and taking measures to stabilize fuel prices or partially subsidizing fuel costs to ensure the above cost.

The proposals submitted under paragraph 4 are temporary and may be accepted initially for a period of one year. Detailed and regular monitoring of the adopted state support measures and indicators of traffic volumes will make it possible to take a substantiated decision in the future on the extension or cancellation of the measures taken.

5. Consider the possibility of completely cancelling the inspection of transit containers passing as part of a multimodal transportation at the borders of the TRACECA countries, regardless of the country of departure and destination on the basis of a risk assessment by the customs authorities, or except in cases where there are reasonable suspicions that customs offenses have been committed.

The implementation of this measure will significantly reduce time costs and, in general, increase the competitiveness of container traffic on the TRACECA corridor.

6. Adopt government policy documents or make additions to existing ones, providing for separate measures to stimulate multimodal transportation.

Most of the documents adopted at the state level in the TRACECA countries are focused on the creation and support of transport infrastructure. It would be appropriate to provide for additional and special measures, for example:

- on effective attraction of private railway platforms;
- ensuring a common market for the provision of locomotive traction services;

¹⁰⁹ <https://middlecorridor.com/ru/marshrut>

¹¹⁰ <http://interfax.az/view/763469>

- creation of an integrated management system for the car fleet of owners and inventory railway fleet;
- accelerated and coordinated development of free trade zones in the TRACECA region.

For its part, the Permanent Secretariat of TRACECA, in order to support the political will of the participants, is ready to develop a mechanism for the implementation of the above initiatives with the preparation and detailed description of specific steps for their implementation.

It should be noted that the recommendations provided for by the Concept for the Development of Container Transport until 2030 and the Digital Concept of the TRACECA International Transport Corridor, previously approved by the MLA member countries, were not included in this review in order to avoid duplication, but they have a direct impact on the development of multimodal transportation.

In general, the achievement of container traffic volumes, the forecast of which is contained in the Concept for the Development of Container Transport until 2030, will directly depend on the scale of measures taken to implement them by all participants in the TRACECA programme.

CONCLUSION

Multimodal transport for the TRACECA corridor is the main type of transport, since it actually combines land and sea sections, providing intercontinental movement of goods between different countries.

The development of this type of transportation and the continuous improvement of multimodal solutions is a key task for all member states of the TRACECA programme that have signed the MLA. In order to increase the volume of goods transported along the corridor, and especially to attract additional cargo flows, it is advisable to apply additional incentive measures - financial and non-financial.

The experience of the European Union and other countries of the Euro-Asian region, considered in this Review, proved the effectiveness of supporting multimodal transportation of goods at the state level. In addition, the world and, in particular, European experience in the development of combined transport also demonstrates a positive impact on the environmental situation in the countries due to the reduction of emissions from road transport, as well as the use of "green" technologies in rail and maritime transport.

It should be noted that most TRACECA countries do not apply the experience of stimulating multimodal transportation, which is a kind of obstacle to attracting additional freight traffic to the corridor routes. The main state programmes adopted in the TRACECA countries are mainly aimed at improving the existing and developing a new transport infrastructure, and there are practically no examples of direct subsidizing of multimodal solutions by states.

In order to achieve the competitiveness of combined transport, it is important for the governments of the TRACECA countries to take support measures in the short term. Depending on the "feedback" of the container shipping market to the measure, governments may revise or cancel the support measures they have taken.

The revenues that could potentially be generated from increased traffic will significantly exceed the amount of countries' contribution, thereby allowing not only an indirect return on investment, but also creating a solid basis for generating revenues in subsequent years by establishing partnerships with consignors and consignees.

It is especially important to emphasize that the implementation of the recommendations provided for in this Review, as well as the implementation of other TRACECA programme and strategic documents, should be systematic and aggregated, that is, applied by all the MLA member states and fully enshrined in official TRACECA decisions. Otherwise, the effectiveness of the fragmented application of recommendations will be reduced to a minimum.