TRANSPORT SITUATION IN TURKEY 2009

1. TRAFFIC TRENDS

MARITIME

FIGURES DISPLAYING THE CARGO HANDLING REALIZED AT TURKISH PORTS BETWEEN THE YEARS OF 2007-2009)

TON

YEARS	LOADING					DISCHARGING					Transit	Grand Total
	Cabotage	EXPORT			Loading Total	Cabotage	IMPORT			Discharging Total		
		Turkish Flag	Foreign Flag	EXPORT TOTAL			Turkish Flag	Foreign Flag	IMPORT TOTAL			
2007	17.723.114	9.804.237	58.856.033	68.660.270	**86.383.384**	18.005.809	27.187.904	126.211.445	153.399.349	**171.405.158**	28.486.106	**286.274.648**
2008	18.922.398	10.654.742	62.590.230	73.244.972	**92.167.370**	20.134.058	21.136.641	130.397.079	151.533.720	**171.667.778**	50.744.950	**314.580.098**
2009*	13.865.072	7.306.952	46.134.939	53.441.891	**111.591.206**	14.911.381	14.817.204	87.347.373	102.164.577	**117.280.481**	44.488.766	**228.871.687**

* The statistics between 01.01.2009 and 30.09.2009

Source : Undersecretariat for Maritime Affairs

The prospects for the forthcoming years,

- 401 million tons of cargo in 2010
- 510 million tons of cargo in 2012

CARGO FLOW FORECASTS AT TURKISH PORTS 2008-2023

Years	Cargo Type			
	Container (TEU)	General & Bulk Cargo (Ton)	Liquid Chemical Cargo (Ton)	Vehicles (Pieces)
2008	4.769.468	126.190.466	8.534.150	1.959.179
2009	5.246.325	134.378.180	9.014.851	2.178.633
2010	5.747.025	143.105.606	9.522.493	2.409.058
2011	6.272.760	152.401.936	10.058.626	2.651.006
2012	6.824.782	162.304.891	10.624.892	2.905.050
2013	7.404.405	172.875.830	11.223.031	3.171.797
2014	8.013.009	184.229.964	11.854.885	3.451.882
2015	8.652.043	196.546.020	12.522.407	3.745.970
2016	9.323.029	209.663.762	13.227.666	4.054.763
2017	10.027.524	223.636.284	13.972.854	4.378.995
2018	10.767.326	238.520.250	14.760.293	4.719.439
2019	11.544.076	254.376.128	15.592.446	5.076.906
2020	12.359.663	271.268.454	16.471.923	5.452.245
2021	13.216.030	289.266.106	17.401.489	5.846.352
2022	14.115.215	308.442.600	18.384.077	6.260.164
2023	15.059.360	328.876.405	19.422.796	6.694.667

Source: Türklim (2007)

Capacity Forecasts at Turkish ports (2015)

Cargo type	Capacity
Container (TEU)	14.237.000
General & Dry bulk Cargo (Ton)	185.000.000
Liquid chemical Cargo (Ton)	21.200.000
Vehicles (Pieces)	2.930.000

Source: Türklim (2007)

The most important mode in import is sea transport. Its market share in 2004 is 94.1% and in 2020 (Reference scenario) slightly less with 93.8%. The market share of road increases from 3.2% to 3.7% and of rail from 1.1 to 1.2%.

RAILWAYS

The shares of transport modes in Turkey fluctuate in a narrow band and can be considered stable since 2004 because of the fact that the ongoing share increase of roads has stopped. This outcome particularly results from investments made in railways and the development of passengers transport at airways. The share of railways in freight transportation was approximately 5% while the share of railways in passenger transportation was 2%. Moreover, this figure is likely to change in favor of railways for the next years, especially in passenger transportation at first, due to high speed train operation between Ankara and Eskisehir. Additionally there are other high speed lines under construction between major metropolitan cities of Turkey.

Investments particularly given to railways have kept up with its speed for 7 years. Within this framework, the Transport Master Plan Strategy has been elaborated and the opinion was reached that the railway portion at the freight transportation would be 15% and the railway portion at the passenger transportation would be 10% in 2020.

CIVIL AVIATION

Turkey is among the fastest developing markets in civil aviation on the world and it is expected that the increase in air transport continues in the coming years. By the end of October 2009, the total aircraft traffic was 897,926. 345,600 of this total traffic belong to the domestic flights, 321,718 to the international flights and 230,608 to the transit flights. This data is estimated to surpass the total aircraft traffic of 2008 by the end of this year.

The number of passengers carried by the end of October 2009 was 73,495,936 and this number reached to 73,985,203 with the inclusion of the number of transit passengers. 33,995,065 of these passengers carried in the domestic lines and 39,500,874 of these passengers carried in the international lines.

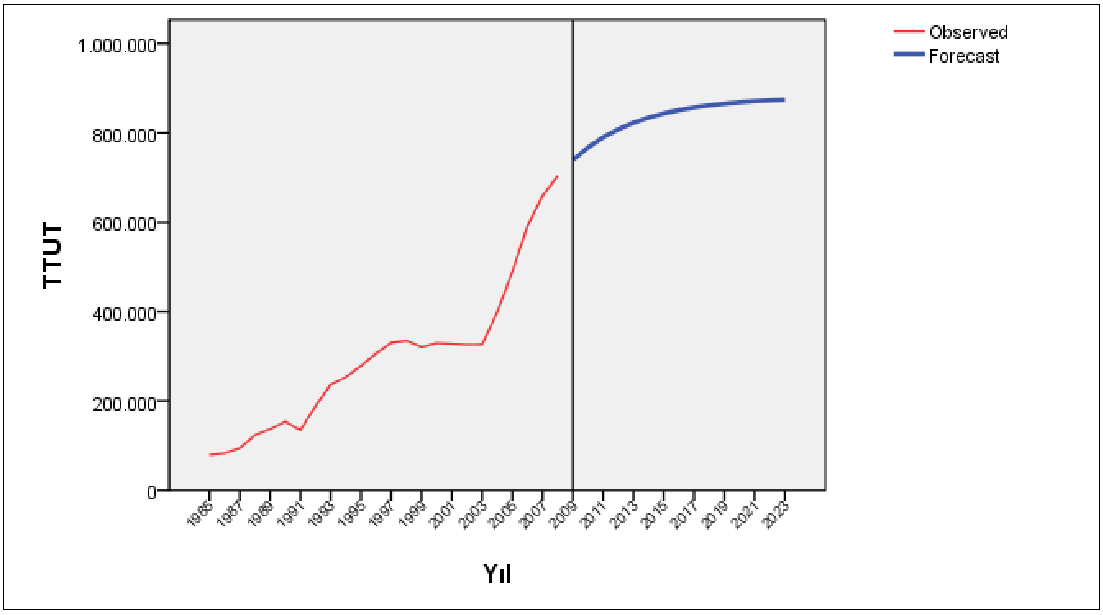
The cargo traffic for the same term was 1,534,619 tons. 363,126 tons of cargo carried in the domestic lines and 1,095,091 tons of it carried in the international lines. Despite the small decline in comparison to the cargo carried in 2008, at the end of 2009 the total cargo traffic is estimated to catch the number in 2008 or to exceed it.

If the data of first 10 months of 2008 is compared with 2009, the total aircraft traffic has increased % 4 in the first 10 months of 2009. The domestic aircraft traffic has increased %5.6 and the international traffic has increased 2.4% (2.8% if we include the transit passengers). The total cargo carried has decreased 0.7% due to the decline in international cargo carried by air.

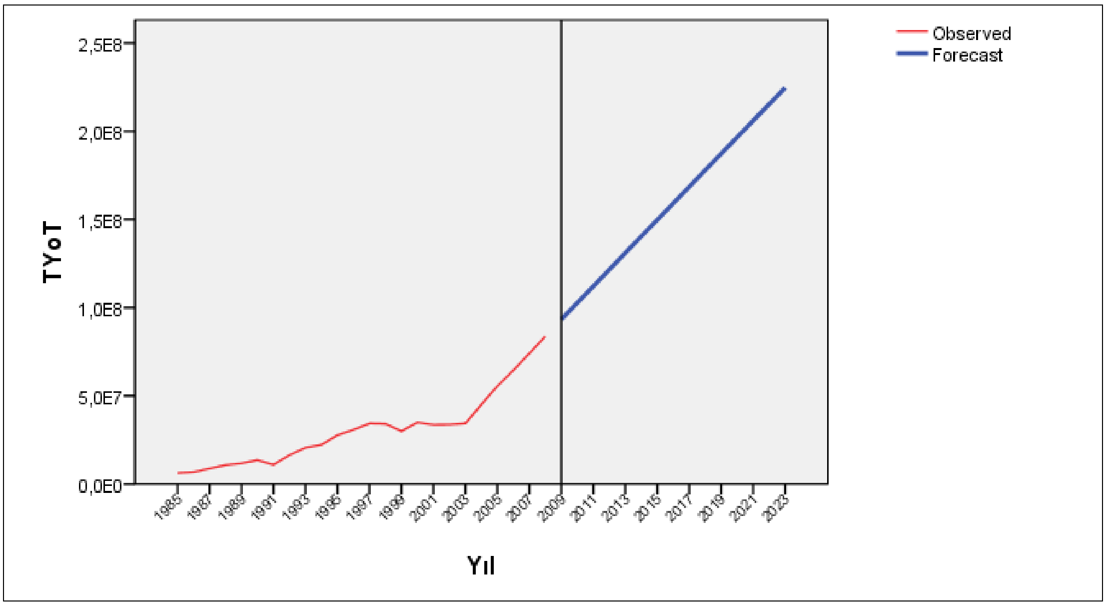
Thanks to the intensive work of the sector and the Ministry of Transport, the projections of recovery from the economic crises in the second half of the 2010 show that the passenger, cargo and aircraft traffic are forecasted to continue to increase in the next couple of years.

The following tables and charts represent future projections of civil aviation in Turkey.

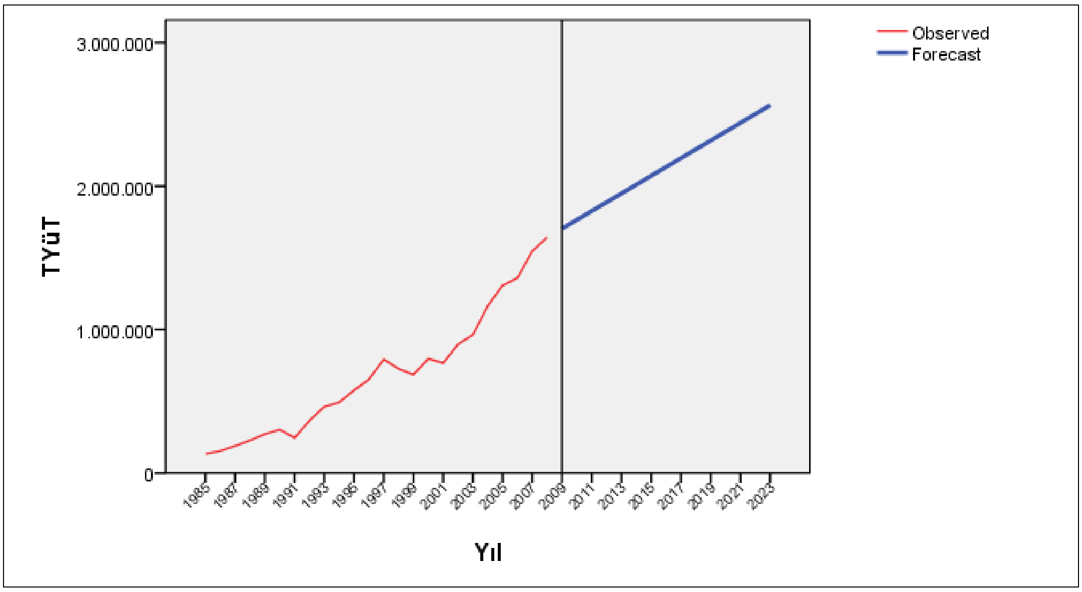
Projected Total Aviation Transport



Projected Total Passenger Transport



Projected Total Cargo Transport



Estimated Total Commercial Airplane Traffic

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expected	739176	767458	790082	808178	822654	834234	843496	850906	856832	861573	865366	868399	870826	872767	874320
Optimistic	795833	884116	970957	1054513	1134008	1209218	1280199	1347152	1410348	1470080	1526646	1580328	1631392	1680079	1726609
Pessimistic	682520	650801	609206	561844	511300	459249	406794	354659	303317	253066	204085	156470	110260	65455	22030

Estimated Total Passengers (Millions)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expected	93	102	112	121	131	140	149	160	168	178	187	196	206	215	225
Optimistic	100	100	100	200	200	200	200	200	200	300	300	300	300	400	400
Pessimistic	90	90	90	90	90	90	90	90	90	90	80	80	80	70	70

Estimated Total Freight (Tons)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expected	1703520	1764960	1826401	1887842	1949282	2010723	2072164	2133604	2195045	2256485	2317926	2379367	2440807	2502248	2563689
Optimistic	1853808	1977435	2086603	2188282	2285175	2378668	2469584	2558461	2645670	2731484	2816107	2899698	2982384	3064268	3145434
Pessimistic	1553232	1552486	1566200	1587402	1613390	1642778	1674743	1708747	1744419	1781487	1819745	1859035	1899230	1940228	1981944

You can also find below short term expectations of total traffic the Airports that under the authority of General Directorate of State Airports Authority of Turkey (DHMİ):

DHMİ	**Movements***				
YEARS	2008	2009	2010	2011	2012
(Landings+Take-Offs)	688.189	713.188	761.517	806.770	847.606

* Figures represents the Airports that under the authority of the DHMİ.

DHMİ	**Passengers (Arrivals+Departures)***				
YEARS	2008	2009	2010	2011	2012
Total Passengers	74.968.329	78.207.286	88.566.325	96.748.114	103.872.345

* Figures represents the Airports that under the authority of the DHMİ.

ROAD TRANSPORT

Road transportation has the predominant share of transportation modes in Turkey. About 83 percent of freight and 90 percent of passenger traffic are carried by roads. It is aimed to decline the share of highway transportation as one of the transportation policies. The ratio of freight traffic volume on highways is estimated as 68% and the ratio of passenger traffic volume on highways is estimated as 76% in 2023.

Traffic volume of state roads in 2009 has not been completely evaluated yet but initial studies show that traffic volume is likely to increase approximately 2 or 3% compared to 2008 traffic volume.

2. OBSTACLES TO THE DEVELOPMENT OF TRANSPORT

MARITIME

Efficient nodal points are essential in transport systems; however there still appears to be a weakness in many ports, at least partly due to issues of ownership status (public and private shared ownership of some ports). In recent years, it became clear that public ports could not accommodate the increasing demand owing to their current infrastructural capacities. Container traffic in particular, has achieved a very high growth rate. Public ports are thus undergoing a fundamental change in status, at a time when growing demand for service is creating pressure.

The weakness of nodal points is also revealed by the slow development of logistic centres and inland terminals; this is explained by the absence of adopted regulations concerning the implementation of land use policy, and by the weaknesses of intermodal and logistic actors.

Turkey is trying to ensure the reduction of delays related to non-physical barriers in order to accelerate the actual cargo flow with an aim to realize "safe, seamless and timely transportation" with the measures taken such as the following:

- Simplification of customs and administrative procedures

- Electronic transfer of customs and other administrative data through one-stop administrative procedure. With a view to provide reduced and standardized procedures, Government of Turkey launched necessary steps to accede to FAL Convention and national procedures have been initiated to ratify this Convention.

- Acceleration of privatization process.

RAILWAYS

General obstructive factors in developing railway transportation on the existing lines are extensive single line operation, insufficient infrastructure and performance, tight curves, high gradients, lack of automatic electronic signalling systems on major line sections, insufficient number of staff and financial problems.

As for freight transportation, low operational speed, lack of sufficient traction power for long hauling, higher operational costs are the main confining factors of railways in competing with other modes.

CIVIL AVIATION

As above given numbers show that the civil aviation sector of Turkey has not been effected negatively by the global crises that has taken its toll in many other sectors as well as in civil aviation in different countries. But in general, to enable the sector to realize its potential some measures (explained in the third section) have been taken by Turkish Directorate General of Civil Aviation (DGCA) since 2002.

However, launching transport operations based on intermodal approach would be the main need for the airports usage and national transport in the future. Many projects have taken into account in order to solve this problem.

ROAD TRANSPORT

Basic information about main problems that have hindered the development of road transport operations in Turkey:

i. Lack of Permits
ii. Difficulty in obtaining Professional Driver Visa
iii. High Passage Fees
iv. Border crossing problems
v. Traffic Congestion

Measures taken to alleviate these problems

Turkey attributes a special importance to remove obstacles in transit transport and discrimination applications in international road haulage. As a result, Turkey has signed bilateral road transport accords with 22 countries and the bilateral and/or transit international road haulage is liberalized. For this purpose, Turkey deploys great efforts both in international platforms as well as through bilateral meetings.

Turkey also made necessary interventions in the meetings of United Nations Economic Commission for Europe, The Inland Transport Committee and The Working Party on Road Transport, regarding the full implementation of the Article V of the GATT Agreement (General Agreement on Tariffs and Trade), which provides the liberalization of transit transport. As a result, The Inland Transport Committee recommended the contracting parties to implement the 5th provision of the agreement. Turkey also tries to make progress in the Black Sea Region (BSEC) for a more liberal market.

The work on actual facilitation of road transport of goods is going on under a special Memorandum of Understanding on Facilitation of Road Transport of Goods in the BSEC Region (signed in Kyiv in 2002 and entered into force on 20 July 2006). One of the objectives of this MoU is to provide a gradual liberalization in the road transport sector. In the framework of this target, Turkey endeavours that the sector will be liberalized gradually in this region.

In this framework, at its 4th meeting in Istanbul on 9 September 2009, the Steering Committee endorsed the decision of seven Member States namely Albania, Armenia, Georgia, Moldova, Romania, Serbia and Turkey to participate in a Pilot Project of the BSEC Permit. These 7 countries decided to implement a BSEC permit among them for a transit transport. The BSEC Permit will be used for a single round trip only and the empty or loaded trucks holding such a BSEC Permit will be allowed during this single round trip to transit through the territories of all Participating Member States without having to present any other bilateral transit permit.

3. GOOD PRACTICES IN THE TRANSPORT SECTOR

MARITIME

It is considered that the following measures have contributed to the improvement of transport sector in our country:

- Containerization and building container ports

- The process developed in the present Intermodal Line (Pendik/Ambarlı/Çeşme -Trieste) and implemented currently is Short Sea Shipping plus Combined Transport. Not only it is carried out in a pure intermodal environment but also it encompasses various logistical techniques and tools which make it unique on its own.

- The Short Sea Promotion Centre (SPC) in Turkey was established in 2008 by the Union of Chambers and Commodity Exchanges of Turkey (TOBB) and its secretarial duties have been undertaken by the Turkish Chamber of Shipping (IMEAK DTO). The aim of the short sea promotion centre is to develop the short sea maritime shipping which is an environment friendly and economical way of transportation in Turkey and to facilitate its contribution to the Turkish Shipping Economy. The information centre has already started publishing information on the following address: www.shortsea.org.tr

- Establishment of a new Ro-Ro Link between Mersin-Trieste and improvement of Marport-Alexandria link under EUROMED MEDA MoS Project.

- Through the experiences and information obtained by the establishment of Turkish Straits VTS and its effective and efficient operations, it has been estimated as a necessity that some more VTSs should be established in İzmir, İzmit, İskenderun and Mersin Bays where the maritime traffic density is so high, risky and also dangerous cargo operations and passenger transportation are carried out.

RAILWAYS

Considering the importance of having an efficient transport network, Turkish government has taken several measures and undertaken investments to modernize and rehabilitate the railway infrastructure.

Establishing balance between transport modes, developing modes as complementary to each other and strengthening combined transport system in compliance with international legislations are major priorities set in Transport Main Plan Strategy of Turkey.

National and international block train operations have been operated and within this context, the block freight trains between Turkey-Europe, Turkey-Middle East and Turkey-Central Asia have been running reciprocally. There are also some developments in container transportation.

In order to increase the share of railway transportation, logistic centers are planned to be established in the points that have high potentials or access to roads, railroads or seaports. Furthermore, Ro-La transportation has been realized between Turkey-Austria since 2006 with the cooperation of private sector, after the agreements were approved among the countries on the route.

In addition to constructing high speed lines between major metropolitan cities, upgrading the existing lines by installing signaling systems and electrification systems, track doubling and also renewal of tracks, Turkish State Railways (TCDD) aims at increasing operational speed, comfort as well as line capacity of existing lines.

Master Plan Studies are also being carried out in the context of 2009 investment programme.

CIVIL AVIATION

Turkey’s civil aviation sector has seen substantial benefits from adaptation of some liberal policies such as opening up the domestic market to the private sector.

Economic Airport Project

DGCA actualized the Economic Airport Project in 2007, which was intended to provide low-cost airports to airlines so that air transportation develops in our country.

With this project; passenger services at domestic and international lines as well as landing, parking and lighting are not charged at some airports. Besides, DHMİ has made minimum 10% and maximum 80% discounts for various airport service charges at other airports, following the changes on Fare Tariff.

Project of Green Airport

DGCA initiated necessary works to systematically decrease the existing or future damages of airport establishments on the environment and human health.

Under the leadership of DGCA, a project called "Green Airport" is contemplated; provided that the airline operators and service providers at the airports comply with the certain requirements, those airports will be called "Green Airport". DGCA shall provide the organizations and establishment that comply with the relevant requirements with a reduction in Service Tariff in order to grant them incentives and reward their sensibility.

Besides, as a result of intensive studies for the last three years that are also followed up by the DGCA, the works performed by the DHMİ were put into practice with regard to ambient noise. Within this context, it has been stated that noise rating, noise mapping, action plans and relevant precautions will be performed by the DHMİ.

Ground Handling Development Project

A significant increase in the number of airports that provide ground handling services occurred in parallel to putting idle airports into service within the scope of "Project of Regional Air Transport" of the Ministry of Transportation and Communications and increase in aircraft traffic. 17 more airports started to provide ground handling services for the last one year, thus the number of airports that provide ground handling services increased to 33.

ROAD TRANSPORT

As environmental assessment report, project identification sheet, recycling and restoring measures for the nature, environmental management plans are prepared, public works natural and noise reduction works are being conducted.

Development of Border Gate Infrastructure

To provide adequate infrastructure in order to remove the physical barrier at border crossing points, appropriate infrastructure should be available at the border points including offices for the inspection and control agents, laboratories, warehouses, road approaches to the border, border gates, vehicle parking areas, reliable electricity and power sources, reliable telecommunications services, scanners, etc. Such modernization projects at border gates have been realized through the Public-Private Partnership (PPP) financing package as is the case at some of the main border gates in Turkey.

Phasing out of old vehicles

Turkish fleet operating in international transport consists of high standard vehicles under Euro norms, however; the fleet in domestic transport market, especially in freight transport, does not conform to the same standards. As a solution to this fact, a project has been developed and motor-vehicles whose model year is 1979 and older in both freight and passenger transport will be gradually withdrawn from the market within 2 years. Through this project, 160.000 trucks and buses are expected to be withdrawn from the domestic market.

Vehicle Inspection

The tender for Vehicle Technical Inspection Stations has been finalized and an international tripartite consortium has been authorized to build and operate Vehicle Technical Inspection Stations and so to realize technical inspections and road worthiness tests, for 20 years. In this context, totally, 189 fixed and 76 mobile stations are set up which are distributed according to vehicle number registered and geographical conditions of the provinces of Turkey. As of 2009, inspections are being carried out in line with the EU requirements.

4. TRANSPORT INFRASTRUCTURE INVESTMENT

CIVIL AVIATION

At the passenger terminals of airports, the Built-Operate-Transfer (BOT) Model is successfully implemented in Turkey. The main goal of the BOT model is to ensure finance of high-tech projects that require huge resources by private sector instead of public sector.

ROAD TRANSPORT

The percentage share of highway investments in GDP in 2009 is 1,6% excluding expropriation. Under the supportive effort of the transport investments, PPP applications are being motivated in the road sector.

Finally, 38% of the investment budget of Turkish Ministry of Transport and Communications has been invested in the road transport sector and 39% of it has been used in railway transport sector.

RAILWAYS

The investment amount allocated to railways was about 1.000 Million $. The ratio of investment amount of TCDD to GDP is about 1.5 ‰ in 2008.

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