

## Effective use of transport and transit potential – a source of huge revenues

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**On December 6, a meeting devoted to issues of improving activities of international intermodal logistics center "Navoi" was held under the chairmanship of President Shavkat Mirziyoyev.**

In our country, special attention is paid to issues of further development of transport infrastructure and increasing the volumes of transit cargo transportation. The transport and transit potential of the country plays an important role in revitalization of international integration process, in particular, expansion of trade and economic cooperation in the region.

For this purpose, in 2008, an international intermodal logistics center was organized on the basis of the airport in the city of Navoi, which should contribute to further increasing the potential of Uzbekistan in this sphere and promoting domestic products to foreign markets, including those produced in "Navoi" free economic zone.

The center of logistics was provided with all types of tax benefits and customs preferences. The accompanying infrastructure was erected, the center was transferred to the "Korean Air" company.

However, the analysis of activities of the center showed that, despite the granted benefits, the capabilities of the terminal are not used at full capacity. Less than 20 percent of the capacity of the center, the carrying capacity of which is 100 thousand tons of cargo per year, is operated. The existing shortcomings are evidenced by the fact that over the past 8 years only 300 thousand tons of cargo have been transported through the "Navoi" airport.

It is forecasted that by the end of 2017 the total cargo turnover at the terminal will decrease by 11 percent compared to 2016 or up to 33 thousand tons.

Carelessness, irresponsibility of some officials directly responsible for the sphere, their inability to develop the center on the basis of a deeply thought-out strategy became the reason for this situation, said the Head of our state. Over the years, they have not moved beyond the lofty words about the uniqueness, attractiveness of the airport and the "Navoi" logistics center.

According to statistics, two flights a day are carried out from the center on average. This shows how far the real level of using the logistics center and the airport is from laudatory

assessments.

Irresponsible attitude to the organization of activity is also evidenced by the fact that until now the state acceptance of objects of "Navoi" logistics center has not been carried out. The construction of facilities for the storage of fuels and lubricants has not been completed, emphasized the President of our country.

The international transport and transit sphere, especially provision of air freight services, is one of the most profitable. For example, the international airport of Dubai passes 3 million tons of cargo a year and receives about 26 billion dollars in revenue. The plans of Kazakhstan on organizing a logistics center in Astana with a capacity of 1,5 million tons of cargo per year are connected with this. "Navoi" logistics center is far from reaching such hubs. It is difficult to compete in such conditions.

The wide and constant involvement of international freight carriers depends on how well the work is organized. And in the activity of "Navoi" logistics center, on the contrary, there are a number of systemic problems. In particular, high tariffs are one of the main factors hampering the development of cargo transportation by air.

The Head of our state noted the need to revise the tariff policy in the sphere of air transportation.

"Navoi" free economic zone should play an important role in increasing the attractiveness of the logistics center, but it also did not give the expected results. Production of neither export-oriented goods with high added value, nor products that are in demand on the domestic market are established.

Foreign freighters do not show interest in capabilities of "Navoi" logistics center. The main reason is interruptions in the supply of aviation kerosene. Despite the existing weekly demand of 950 tons, the oil refineries are producing only 600 tons of this fuel.

Due to the lack of coordination of activities on the part of transport companies, multimodal transportation has also not been developed. The terms of delivery of goods are delayed due to long customs procedures and idling vehicles at the border.

Local importers are also not interested in receiving their cargo through the "Navoi" hub, because the infrastructure does not meet the requirements. Most of the import cargo is imported through "Tashkent" airport.

Taking this into account, the President of our country Shavkat Mirziyoyev gave instructions to the officials of the oil and gas industry on timely and full provision of the requirements of the national airline and foreign freight carriers in aviation kerosene,

increasing weekly supplies of fuel, taking into account prices in the world market.

Uzbekistan Airways has been instructed to revise the current tariffs jointly with relevant organizations, to form a working group on their optimal reduction and study the experience of logistics centers. The national airline is intensifying activities on attracting the world's leading cargo transportation companies to the airport in the city of Navoi, will develop a "road map" envisaging establishment of cooperation with leading foreign companies in the sphere of postal transportation, organization of a regional mail service in "Navoi" hub and providing other measures.

The heads of relevant ministries and departments were given instructions on establishment of an electronic information exchange system between the customs authorities and organizations on cargo transportation by airplanes, cardinally improving the activities of "Navoi" logistics center and other issues.

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