

## **Success of Public-Private Partnership in Modernization of Border Crossing Points Projects**

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### **Abstract**

Transformation of border crossing points (BCPs) of Turkey, which enable interacting with other countries in economic and social terms, into the areas that serve efficiently and are equipped with new infrastructure, became a government policy of Turkey, which is in the transit transportation corridors due to its strategic geographic location, at the beginning of the 2000s in order to fulfill increasing demands with the emerging economy and increasing consumption requirements.

It was decided to modernize the border crossing points with the ***“Build-Operate-Transfer”*** model because of the slow decision making mechanisms and the lack of public budget and know-how of the state authorities.

The countries must interact with other countries in economic and social terms in order to become developed and open up to the World. Border crossing points, sea and air ports are the most important points where these transactions can be carried out. As being on the international transit corridors and connecting Europe and Asia, Turkey is an important country in terms of border crossings.

With the undertaken projects in Turkey;

- Waiting and transition period have been shortened,
- Revenue losses due to waiting have been minimized,
- Government has owned the millions-of-Turkish-Liras-invested facilities without any charges,

- Operational expenses have been covered by the operating company instead of public budget during operation period,
- Government has had the opportunity to focus on its own core duties such as giving the customs services in an efficient and effective way in BCP's,
- Newly-installed high-tech equipment to fight with smuggling effectively has given positive results,
- Job opportunities have been created for thousands of people both on local and country level,
- With the knowledge and experience of the private sector in terms of operational and commercial aspects, extra tax revenue amounting millions of Turkish Liras has been obtained.

In this article, the successful Public-Private Partnership model in Turkey has been taken into consideration in different aspects. The results of the projects and analysis have been prepared for certain BCPs.

### **Introduction**

Turkey has a critical importance as its geographic location is the shortest path between Asia and European countries in terms of road transportation and it is an intersection country between the raw materials and economic centers. As globalization and demand in transportation increase in the international level, the initiatives in technical cooperation between all transportation modes in regional and international level and organizing around international organizations<sup>1</sup> have been needed. As Turkey is located both in the Silk Road route and transit transportation corridors, it has an important role in the intermodal transportation as well.

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<sup>1</sup> 11' İnci Ulaştırma Denizcilik Ve Haberleşme

As is known, road, marine and railway transportation modes are used for international freight shipment and passengers' crossing. These different alternatives which constitute the basics of transportation have different advantages and disadvantages. Each country adopts the most appropriate alternative according to its own and neighboring country's geological structures, transportation infrastructures, trade statistics and above all targeted markets. In addition, improving the existing models and making investments in order to come up with solutions which put forward the efficiency and cost reducing elements for keeping up with the globalized world and having a strong economy in the international arena.

In this respect, the countries build new border crossing points, ports and airports in order to increase the volume and to facilitate the freight shipment and to speed up the touristic border crossings.

Border crossing points, also known as border-customs gates, are the points which connect countries, societies and the economies that are the vital spots of the societies. It is critically important for countries to meet the demands of the border crossing points by means of the physical infrastructure, which are especially used for cargo and passenger movements between the countries especially located on the same continent.

Border crossing points are facilities which are located in the furthest points of the countries, thus having been forgotten for many years by the central governments and where it is hard to deliver services. Modernizing these points physically means removing or reducing the barriers in front of the trade. Thus, the modernization of the border crossing points has become a global necessity supported by international organizations such as World Customs Organization (WCO) and United Nations (UN) which aim to facilitate the trade.

Another important matter which triggers the modernization of BCPs is that they constitute first impressions about the country. For this reason, the renovation work has a strategic importance for the first impression to be positive in the eyes of governments and individuals, changing the image of the country and contributing to the presentation of the country.

### **Foreign Trade of Turkey and Importance of International Road Transportation**

As it can be seen from Table 1, at the beginning of 2000s the export volumes of the road transportation of Turkey was around \$ 12 billion and this amount constituted the %43 of the total volume of the export.

	Road	Sea	Air	Rail	Other	TOTAL	Road/ TOTAL
2014	55,3	86,4	14,1	0,9	1,0	157,7	35%
2013	53,7	82,9	13,0	1,0	1,3	151,8	35%
2012	50,4	78,0	21,8	1,0	1,2	152,5	33%
2011	50,3	73,6	8,6	1,2	1,3	134,9	37%
2010	46,0	57,8	7,7	1,0	1,5	113,9	40%
2009	42,4	47,1	9,8	0,9	1,9	102,1	42%
2008	50,9	66,5	10,4	1,3	3,0	132,0	39%
2007	44,5	52,2	7,0	1,1	2,5	107,3	41%
2006	35,2	42,7	4,9	0,9	1,9	85,5	41%
2005	31,6	35,4	4,0	0,8	1,7	73,5	43%
2004	27,1	31,3	3,9	0,6	0,3	63,2	43%
2003	20,3	23,2	3,2	0,4	0,9	47,3	43%
2002	16,4	17,0	2,3	0,2	0,4	36,1	46%
2001	13,2	15,5	2,3	0,2	0,2	31,3	42%
2000	12,0	13,1	2,3	0,9	0,2	27,8	43%

**Table 1 – Export statistics with respect to ways and years (billion\$)**

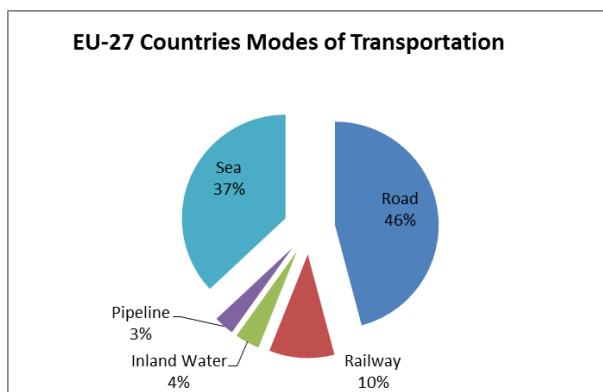
Similarly, it can be seen from Table 2 that more than %30 of Turkey's total import was carried out via road transportation at the beginning of 2000s. Even though sea and air transportation for import showed more rapid progress than road transportation has done in recent years, road transportation showed more than 100% of

*increase in volume* from 2000 to 2013. This ratio was evaluated as 350% in export.

	Road	Sea	Air	Rail	Other	TOTAL	Road/ TOTAL
2014	37,3	141,4	24,7	1,2	37,6	242,2	15%
2013	40,1	139,9	32,6	1,8	42,0	256,3	16%
2012	39,4	129,0	23,8	2,3	42,0	236,5	17%
2011	44,5	133,4	21,5	3,2	38,2	240,8	18%
2010	42,4	98,6	15,1	2,5	26,9	185,5	23%
2009	33,5	74,0	11,6	1,7	20,2	140,9	24%
2008	41,3	105,7	16,9	2,6	35,5	202,0	20%
2007	38,6	86,7	16,9	2,5	25,3	170,1	23%
2006	32,7	68,4	13,7	2,2	22,6	139,6	23%
2005	28,7	56,5	13,1	1,8	16,7	116,8	25%
2004	24,0	49,5	12,3	1,3	10,5	97,5	25%
2003	17,8	33,8	8,4	0,6	8,7	69,3	26%
2002	14,2	23,7	6,4	0,5	6,8	51,6	28%
2001	13,5	20,2	5,2	0,3	2,2	41,4	33%
2000	18,3	27,6	5,9	0,2	2,5	54,5	34%

**Table 2 – Import statistics with respect to ways and years (billion\$)**

Road transportation is not an important mode of transportation for only Turkey, but also for the whole world. According to a research carried out in European Union (EU) and candidate countries, the road transportation's share of cargo is around 46% on the basis of km-tons in total transportation volume.



**Figure 1 – Freight Distribution According to Modes of Transport in EU-27 Countries in 2009 (km-tons)**

Within this framework, with the 35% of the total foreign trade volume of Turkey in the early 2000s, the importance of road transportation was again revealed. The first steps for modernizing the physical structures of the BCPs, ports and airports were taken with the initiatives undertaken in the presence of the Undersecretaries of Customs with the support of legislation arrangements.

### Past and Present of BCPs in Turkey

Regulating the customs transactions for cargo and passengers in BCPs, performing the enforcement operations for fighting smuggling and ensuring the coordination between organizations in the customs area are all carried out by Ministry of Customs and Trade of Turkey.

	Number of Points	Customs Administration in Service
Border	28	23
Airport	51	11
Sea Port	60	43
Railway	7	7

**Table 3 – Turkish Border Crossing Points<sup>2</sup>**

According to the activity report of Ministry of Customs and Trade published in 2013, there are totally 28 border crossing points in Turkey. Some of these BCPs are open to both cargo and passenger traffic whereas some of them are only open for passenger traffic. Some of the BCPs are totally closed to transition because of various political problems with the neighboring countries. Almost all of the BCPs (excluding special conditions) are operated based on 7 days 24 hours principal.

<sup>2</sup> <http://www.gtb.gov.tr/data/53732702487c8e19401>

[1ffff/2013%20GTB%20idare%20faal%20rp.pdf](http://www.gtb.gov.tr/data/1ffff/2013%20GTB%20idare%20faal%20rp.pdf)

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**Figure 2 – Map of Turkish Land Border Crossing Points**

In early 2000s, most of the BCPs in Turkey were standing out as points which cannot serve efficiently and are not preferred by international travels by passengers and where there were subsisting truck and vehicle queues. The queues stemming from insufficient capacity at BCPs were one of the barriers which slow down the country's economic development.

Improving the physical structures of BCPs, facilitating trade with a settlement according to this new structure and correctly built work flows, constructing an effective technological infrastructure such as x-ray scanning systems, CCTV systems in order to fight against smuggling and improving the general conditions of the BCPs for the officials and the individuals using the BCPs became a privileged current issue.



**Photo 3 – Cilvegözü BCP Administrative Building (2005)**



**Photo 1 – Kapikule BCP flood (2007)**



**Photo 4- Kapikule BCP Passport Boot (2007)**



**Photo 2 – Habur BCP (2002)**

It was observed that the budget of the Undersecretariat of Customs was around 113 million Turkish Liras in 2002. Similarly, when the budget of the Ministry of Customs and Trade in 2015 is examined, it can be seen that 65% of the budget is allocated for employee expenses and social security premiums, 20% is allocated for capital expenses and only 14% of the total budget is allocated for product and service purchases. As some amount of these figures will be transferred to "Trade" side of the Ministry, the effective share for Customs side can be thought less than 10%. When a proportion is set within this framework for 2002, the total budget for all types

of product and service purchases may be calculated as approximately 11 million TL in total for all kind of facilities that Undersecretariat of Customs serve (such as BCPs, ports and airports and headquarters). Besides, when the fact that all the expenses of these facilities such as lightning, cleaning, heating, maintenance, etc. are taken into consideration, the share for new investments will descend to 2-3% levels.

	Budget	%
Employee Expense	405.428.000 ₺	53%
Social Security and Government Premium Expenses	85.078.000 ₺	11%
Product and Service Purchases Expense	105.047.000 ₺	14%
Running transfers	6.544.000 ₺	1%
Capital Expenses	162.350.000 ₺	21%
Toplam	764.447.000 ₺	100%

Table 4 – Suggested Budget of Ministry of Customs and Trade of 2015

When the fact that required investment cost in order to demolish a BCP and construct a new one was minimum 10 million TL <sup>3</sup>on those dates is considered, it was obvious that it would take more than 30 years to modernize all BCPs with the available budget and that would be practically impossible to achieve. In this respect, without bringing extra burden to public budget, modernization of BCPs by private sector was perceived as a win-win project for both public and private sector.



Photo 5 – Sarp BCP Customs Enforcement Boots (2007)

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[http://www.undgurbulak.com.tr/Linkgoster.aspx?KATEGORI\\_ID=22](http://www.undgurbulak.com.tr/Linkgoster.aspx?KATEGORI_ID=22)

## Public-Private Partnership Concept and Sample Models

Public-Private partnership (PPP) generally covers the projects which are carried out and financed by private sector for the benefits of public where the public cannot carry out in a short-medium term because of insufficient budget or lack of knowledge and expertise.

Some of the main concepts of the Public-Private partnership which is common in Turkey and world are like;

- Build-Operate-Transfer,
- Build-Rent,
- Transferring the operating rights,
- Concession model,
- Joint venture build between private sector and government,

Within the scope of public-private partnership, most of the above mentioned concepts have been adopted and used successfully in different projects. In different organizations, different methodologies may be followed during the practices such as developing projects or tender methodology (open-close tender procedure, negotiation based, etc.). For example, General Directorate of States Airports Authority of Turkey (DHMI) prepares technical projects by itself and presents them to the companies before the tender, fixes the operation period and requires the companies to offer the highest rental fee for airport projects which are going to be transferred to private sector. On the other hand, Ministry of Transportation has selected the operator company according to the lowest operation period offers in the project of Ankara High Speed Train Station with BOT model. In this respect, within the legislations and the initiatives of the

organizations, selection criteria of the operator company may differ.

For the BCP Modernization projects, Turkey has selected the Build-Operate-Transfer Model to finance the projects. The processes that are going to be done according to the BOT model has been described in the “*Law of Undertaking Some Investment and Services within the Scope of Build-Operate-Transfer Model*” numbered 3996 and the *Cabinet Decree* numbered 2011/1807.<sup>4</sup>

### Public-Private Partnerships in Airport and Port Modernizations in Turkey

As a result of the trends, at the end of 1990s airports and ports were started to be open to private sector companies either by privatization or BOT models. Similarly, some of the highways were taken into the scope of privatization and started to be re-constructed in order to renovate the transportation infrastructure.

Port Name	Date	Operating Company
1 Tekirdağ	1997	Akport Tekirdağ Liman İşletmesi A.Ş.
2 Hopa	1997	Park Denizcilik İşletmeleri A.Ş.
3 Giresun	1997	Çakıroğlu Liman İşletmesi A.Ş.
4 Rize	1997	Riport Rize Limanı Yatırım A.Ş.
5 Antalya	1998	Ortadoğu Antalya Liman İşletmesi A.Ş.
6 Alanya	2000	Alıdaş Alanya Liman İşletmeleri A.Ş.
7 Marmaris	2001	Marmaris Liman İşletmeciliği A.Ş.
8 Çeşme	2003	Ulusoy Çeşme Liman İşletmesi A.Ş.
9 Kuşadası	2003	Ege Liman İşletmeleri A.Ş.
10 Trabzon	2003	Trabzon Liman İşletmeciliği A.Ş.
11 Dikili	2003	Dikili Liman ve Turizm İşletmeleri A.Ş.
12 Mersin	2007	Mersin Ulusl. Limanı İşletmeciliği A.Ş.
13 Samsun	2010	Samsunport Ulusl. Lim. İşlet. A.Ş.
14 Bandırma	2010	Çelebi Bandırma Ulusl. Lim. İşlet. A.Ş.

**Table 5 – Some of the Privatized Ports to Private Sector by TDI and TCDD with Different Models**

In the same vein, some of the airports which were operated by DHMI was modernized by private sector on the purpose of capacity increase and attaining modern structure and put into operation. Firstly in 1997, BOT tender of Antalya

Airport was won by Bayındır Grup and then some of the terminals of İstanbul Atatürk Airport was modernized by TAV Holding and are still being operated by TAV successfully. As a matter of fact, nowadays TAV Holding, has started operating airports in Georgia, Tunisia, Macedonia, Leetonia, Saudi Arabia and Croatia and has become a company that appears in the international area.

Airport Name	Date	Operating Company
1 Atatürk	1997	TAV Havalimanları Holding
2 Dalaman	2003	YDA&Turkuaz İş Ortaklığı
2 Esenboga	2006	TAV Havalimanları Holding
3 Gazipaşa	2007	TAV Havalimanları Holding
4 Antalya	2007	Fraport&IC İçtaş Ortaklığı
5 Sabiha Gökçen	2009	Limak Holding
6 Adnan Menderes	2011	TAV Havalimanları Holding
7 Milas-Bodrum	2014	TAV Havalimanları Holding

**Table 6 – Some of the Privatized Ports to Private Sector by DHMI with Different Models**

### Development Phases of Modernization of Border Crossing Points Projects with BOT Model

With the financial support of private sector, flexible operational structure and the successful projects, which consist of public-private partnership, have been adopted by many other governmental institutions.

Formerly named as Undersecretariat of Customs, Ministry of Customs and Trade started its work for “*providing alternative financing opportunity of budget, retrieving healthy infrastructure in a short period, being equipped with all kinds of technology as well as required physical infrastructure, building accurate work flows, facilitating the border crossing with the built model, fulfilling the demands of both the service providers and users in these points which are far away from sites, constituting a good model for other countries, carrying out joint-border model*

<sup>4</sup> <http://destek.gtb.gov.tr/hakimizda/yapisletdevret>

after finalizing the legal procedures especially for border crossing points and other customs facilities with the authorization taken from BOT model”.

As a result of the quality and quantity of the cargo transported via BCPs, the importance of the BCPs within the context of the fight against smuggling, the Undersecretariat of Customs selected the operator companies from public institutions, unions or associations by assignment method. In this respect, it had meetings with *Union of Chambers and Commodity Exchanges of Turkey (TOBB)* and *International Transporters Association (UND)* and offered them to undertake the projects. TOBB, as being the umbrella organization of Turkish private sector and undertaking important roles in its development, and UND, serving for the improvement of Turkish transportation sector, responded positively to the assignment offers and executed their duties in order to remove the trade barriers and help their members to reach the competitive working conditions in the international arena.

In 2002, on the basis of modernizing Gürbulak and İpsala Border Crossing Points within the framework of this model, BOT contracts have been signed with Gürbulak Gümrük İşletmeleri ve Yatırım A.Ş. <sup>5</sup>(which was founded by UND and other transporters) for Gürbulak BCP and Umat İpsala Gümrük ve Turizm İşletmeleri Tic. A.Ş. <sup>6</sup>(which was founded by TOBB and other Chambers and Commodity Exchanges). Both of the companies finished their construction projects in a short period and put the facilities which are physically renovated and equipped with modern infrastructure into operation. *This unique model is the first and the only one in the world.*

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[http://www.undgurbulak.com.tr/Linkgoster.aspx?KATEGORI\\_ID=4](http://www.undgurbulak.com.tr/Linkgoster.aspx?KATEGORI_ID=4)

<sup>6</sup> <http://www.umatipsala.com/tr/web/21/hissedamlar.html>

Border Crossing	Operation Period	Company
Gürbulak	2003	UND Gürb. Güm. İşlet. Ve Yat Tic. A.Ş.
İpsala	2003	Umat İps. Gümr. ve Tur. İşlet. Tic A.Ş.
Habur	2006	Gümrük ve Turizm İşlet. Tic. A.Ş.
Cilvegözü	2007	Gümrük ve Turizm İşlet. Tic. A.Ş.
Kapıkule	2008	Gümrük ve Turizm İşlet. Tic. A.Ş.
Sarp	2009	Gümrük ve Turizm İşlet. Tic. A.Ş.
Hamzabeyli	2009	Gümrük ve Turizm İşlet. Tic. A.Ş.
Nusaybin	2010	Gümrük ve Turizm İşlet. Tic. A.Ş.
Esendere	2016	Gümrük ve Turizm İşlet. Tic. A.Ş.
Dilucu	2015	Gümrük ve Turizm İşlet. Tic. A.Ş.
Çıldır-Aktaş	2015	Gümrük ve Turizm İşlet. Tic. A.Ş.
Kapıköy	2016	Gümrük ve Turizm İşlet. Tic. A.Ş.

Table 7 – BCP operated with BOT model

Both with its strong financial and administrative structure and successful operational activities in İpsala BCP, TOBB won the general approval and have undertaken all the assignments after 2003. In order to undertake these projects, a company named Gümrük ve Turizm İşletmeleri Tic. A.Ş. (GTI) <sup>7</sup> was founded by the partnership of TOBB and 137 Chambers and Commodity Exchanges. In addition to the completed projects, in 2012 Ministry has signed a BOT contract<sup>8</sup> with TOBB and GTI to modernize 4 BCPs and 1 inland customs. The constructions of Halkalı, Dilucu and Çıldır Aktaş has been finished in 2015 and they are taken into operation. The constructions in Esendere and Kapıköy BCP is expected to be finished in 2016.

### General Definition of the Project

In this kind of PPP projects, the concept of the project and the responsibilities of the parties may differ from country to country. The general definition of the model that is implemented in Turkey and the project phases are like;

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<http://www.gtias.com.tr/modul/index/menu/Hakkimizda/30>

<sup>8</sup> <http://destek.gtb.gov.tr/hakkimizda/yapisiletdevret>

### **Build**

- Signing BOT contract with selected operator company,
- Preparation and approval of the projects within the scope of contract,
- Construction of the infrastructure and superstructure according to the approved projects. Financing of the investment is covered by the operator company.

### **Operate**

- Operation of the duty-free shops, gas stations, restaurants, markets and other commercial areas in the facility by the operating company,



Photo 6 – A View from Duty-Free Shop

- The operator company undertakes and finances all operational activities (lightning, cleaning, heating, maintenance, etc.) and covers additional investment demands during the operation period,
- Governmental bodies proceed the services such as customs, passport, etc.,
- Operating company covers the new demands during the operation period;

### **Transfer**

- Transferring the facilities to the state without any liability and in fully operational conditions.

### **Stakeholders of the Project and Their Responsibilities**

As it is known, the BOT contracts are mainly signed between government and operator company. The responsibilities of the parties in BCP modernization projects can be simply defined as;

#### **Ministry of Customs and Trade**

- Undertaking all the responsibilities of the government,
- Maintaining the sustainability of the services given by other governmental bodies located in the facility,
- Examining and approving the technical projects prepared by operator company,
- Managing and approving the acceptance procedures and giving permission for operation,
- Carrying out new demands with operator company during the operation period,
- Auditing the operator company for administrative and technical issues to ensure contract liabilities;

#### **Operator Company**

- Preparing requirement analyses according to the need of government and private sector,
- Preparing process analysis at the border crossings and offering improvement suggestions or alternative solutions,
- Preparing the architectural and other technical projects at BCP according to the requirement analyses and physical limitations, submitting them for approval,
- Reconstructing the facility within the scope of approved projects and contract,
- Opening the facility into service according to the contract,
- Undertaking and financing all the operational activities such as lightning, heating, cleaning, maintenance, etc.),

- Operating the duty-free shops, gas stations, restaurants, markets and other commercial places in the facility,

### **Benefits of the Projects**

In the wider scope, modernization projects offer different benefits not only to government and operator company, but also to the companies involved in international trade and to the passengers using the BCPs for personal reasons by means of shortened border crossing times, decreased queues;. These projects also generate a successful **“WIN-WIN-WIN”** model for all stakeholders.



These benefits can be sorted on the basis of stakeholders as below;

#### **Government**

- Having a new facility without burden to the public budget,
- Renewing and facilitating traffic flows,
- Effective fight with smuggling through modernized equipment,
- Additional tax revenue as a result of commercial activities performed,
- Improving the image and public opinion of the institution with effective and efficient service,
- Employee satisfaction;

#### **Operator Company**

- Revenue income by operational activities,

- New employment opportunities with the commercial expertise/experience model,
- Creating new work forces by renting commercial places to subcontractors,
- Creating a trademark in international logistic and customs market,

#### **Business World**

- Nearly finished truck queues with increased capacity,
- Decreased border crossing period through physical and technical infrastructure,
- Decreased freight costs with incentives like tax-free gas stations,
- Access to all services like bank, insurance, etc. in the same point,
- Improving the international trade with effective and efficient customs services,

#### **Users (Passengers, drivers, etc.)**

- Minimum time loss at the border crossings,
- Using the renovated duty-free shops, restaurants, markets and other social service areas,
- Benefiting from 7/24 quality service,

### **Detailed Analysis of Completed Projects**

In order to understand the projects and the concept of PPP better, it will be a good idea to examine and make detailed analysis of the modernized BCPs, and point out the dramatical change.

In this framework, Kapıkule and Sarp BCPs, modernized by GTI and the two busiest BCPsin terms of passenger traffic statistics, and Habur BCP, the busiest BCP in terms of truck traffic, are chosen to be examined. It is aimed to summarize the circumstances before the modernization and the point reached after modernization.

### **Kapıkule Border Crossing Point**

Kapıkule Border Crossing Point is the most important connection point between Turkey and European countries. Located 20 km near Edirne, Kapıkule has been an important border crossing point for a very long time.



**Photo 7 –Kapıkule in 1980's**

Starting from the early 1970s, as a reason of growing Turkish population especially in Germany, Kapıkule BCP has been a frequent crossing point in the summer time for people who came back to Turkey for vacation.



**Photo 8 – Kapıkule in 1980's**

Because of the crowd, there were queues and in some days it took 5-6 hours or even longer to cross from Bulgaria to Turkey or the opposite. In addition, floodings occurred because of improper physical conditions and heavy rain in the region. In this regard, it was a priority for government to modernize Kapıkule and enhance the physical capacity of the facility.



**Photo 9 – Kapıkule Declaration Boot (2007)**

In the year 2008, within the scope of modernization works started by GTI, the whole facility was renovated in less than 10 months and opened to service in 2009 with a ceremony which had a broad participation from government and private sector representatives.



**Photo 10 – Opening Ceremony of Kapıkule BCP (2009)**

Some features of the facility after modernization is;

- 333.000 m<sup>2</sup> total area,
- Total construction area of 41.240 m<sup>2</sup>
- Two separate commercial buildings with one in passenger side and the other in truck side 19.900 m<sup>2</sup> in total,
- Two separate administrative buildings with one in passenger side and the other in truck side 7.500 m<sup>2</sup> in total,
- Truck/vehicle x-ray scanning systems in 3 different points of the site,
- VIP building of 1.000 m<sup>2</sup> in total,

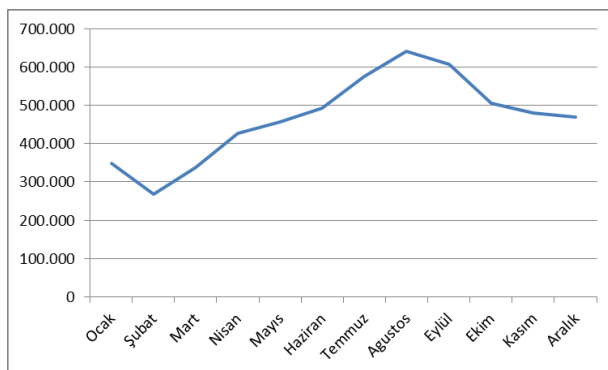
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- Totally 11 platforms in truck side with 5 for entry and 6 for exit, totally 23 platforms with 12 in entry and with 11 in exit in the passenger sides,
- Gas station which serves for commercial vehicles,
- Banks, insurance agency, restaurant, market, etc. in both truck and passenger sides,



**Photo 11 – Kapikule BCP Entrance Enforcement Boots (2012)**

One of the most important reasons which stand in the modernization project of Kapikule is the increasing number of the passenger flows in summer season. According to the passenger crossing statistics announced by Trakya Customs and Trade Regional Directorate, the increase can be seen in Table 8. In the winter time, the average passenger crossings change around 300-350 thousands whereas in the summer time it reaches around 650 thousands.



**Table 8 – Kapikule BCP Passenger Flow Statistics (2012)**

In this respect, before the construction was started, it was a big point of interest that how would the new border was going to face with the crowds in the summer season. According to the

data gained from the activity report of Trakya Customs and Trade Regional Directorate, the average waiting time for entering passengers was decreased from 1 hour 37 minutes to 1 hour 3 seconds and more than 30 minutes was gained. Similarly, the average process time, which was above 3 hours, was decreased to 1 hour 10 minutes for exiting passengers and more than 2 hours was gained. *In this frame work, given the average gain which is 1 hour per vehicle and the number of passenger vehicles using the facility only in July-August-September, which is around 360.000, totally 360.000 hours, in other words, 15.000 days of gain has been achieved.*

Facility	Date	Number of Vehicles	Average Time
OLD	20.7.2008	5.712	01:37:30
NEW	12.7.2009	7.182	01:01:59
NEW	16.7.2010	6.580	01:13:52
NEW	3.7.2011	6.609	01:04:12
NEW	8.7.2012	6.038	01:03:17

**Table 9 – Entering Passenger Waiting Times**

Facility	Date	Number of Vehicles	Average Time
OLD	20.8.2008	3.889	03:27:25
NEW	13.8.2009	6.409	01:09:46
NEW	12.8.2010	5.336	01:53:17
NEW	29.7.2011	4.606	01:48:02
NEW	30.8.2012	4.791	01:10:25

**Table 10 – Exiting Passenger Waiting Times**

Likewise, if it is thought that the average idle fuel consumption of a car is around 1 l/hour, totally 360.000 liters of fuel has been saved. In the economic terms, the total cost saved from fuel is around 1.5 million TL. 24 hours of efficient service and updated software used by customs played a large part in this success as well as the augmented checkpoints and improved physical conditions.

### **Sarp Border Crossing Point**

Sarp Border Crossing point is the most important crossing that connects Turkey and Georgia. Sarp is located in a town of Artvin, named Hopa, and

can be reached via Black Sea coast road. It first started giving service in 1989. As located 15 km in the east of Hopa, Sarp BCP is opening to Adjara Autonomous Republic. Besides, it is important as it has connections to the whole Caucasia. The distance between Sarp BCP and Batumi, the administrative center of Adjara, is around 20 km.



Photo 12 – Sarp BCP Enforcement Boots (2008)

When such reasons as the growing economy of Georgia, the commercial relations developing correspondingly and its being an alternative route between Europe and Asia were listed together, it was seen that the existing BCP was not going to fulfill the expected demand in short and long term. Thus, in order to cover the expected volume, a new BCP was designed and the construction work was completed in a short period of time, which is less than a year.



Photo 13 – Sarp BCP (2008)

The groundbreaking opening ceremony of Sarp BCP was held on 23 March 2008 and the facility was opened in 5 March 2009.



Photo 14 – Opening Ceremony of Sarp BCP (2009)

Some features of the facility after modernization is;<sup>9</sup>

- a 36.000-m<sup>2</sup> total area,
- a 2.700-m<sup>2</sup> administrative building,
- a 3.000-m<sup>2</sup> commercial building,
- Totally 8 platforms with 4 for entry and 4 for exit,
- 1 x-ray scanning system for vehicles,
- 3 x-ray scanning systems for baggages,
- Banks, insurance agency, restaurants, market, etc. in the commercial building,



Photo 15 – Sarp BCP after Modernization (2012)

When the vehicle and passenger flow statistics of Sarp BCP are examined, the enhancement of its capacity can be seen clearly. As can be seen from Table 11, the average number of vehicles which were around 340 thousand in 2009 rose to 1.2 million by the end of 2013 with a total increase ratio of 241%. Likewise, the number of the passengers, which was around 2.6 million rose to 6.4 million with a total increase ratio of 145%.

<sup>9</sup> <http://www.gtias.com.tr/modul/index/menu/Sarp/49>

Despite the overcrowding after the removal of visa procedures between Turkey and Georgia and in later years starting the application of border crossing with only ID card, Sarp BCP has been still able to fulfill the demands.

	Number of Vehicles	% Change	Number of Passengers	% Change
2009	340.996	-	2.615.833	-
2010	570.777	67%	3.065.270	17%
2011	707.913	24%	3.601.821	18%
2012	1.082.196	53%	5.609.889	56%
2013	1.162.094	7%	6.402.763	14%
2013-2009	-	%241	-	%145

**Table 11 – Sarp BCP Vehicle and Passenger Flow Statistics**

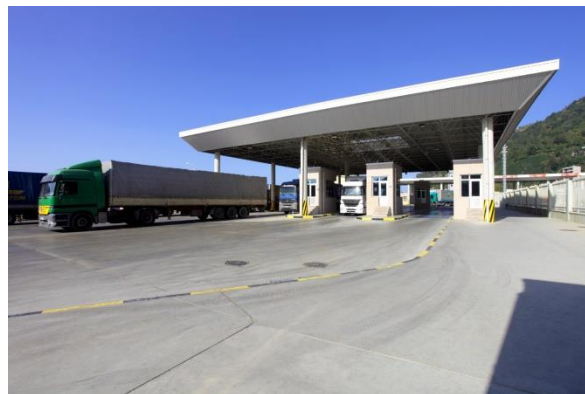


**Photo 16 – Sarp BCP after Modernization (2012)**

With the renovated technical infrastructure and deployed new x-ray scanning systems, CCTV and other security systems, a great success has been achieved in Sarp BCP against illegal trafficking and smuggling. According to the data given in the annual report of Ministry of Customs and Trade in 2013, the number of seized illegal immigrants showed a striking increase of %10005 percent when compared to 2009.

	Seized Illegal Immigrant	% Change
2009	2	-
2010	39	1850%
2011	66	69%
2012	38	-42%
2013	203	434%
2013-2009	-	%10005

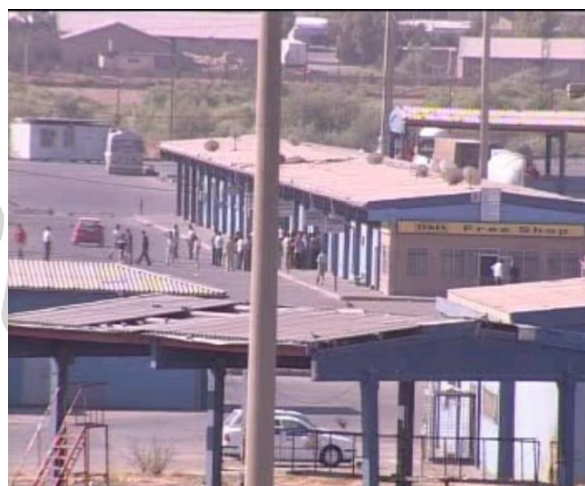
**Table 12 – Seized Illegal Immigrants at Sarp BCP**



**Photo 17 – Sarp BCP after Modernization (2012)**

### **Habur Border Crossing Point**

Habur Border Crossing Point is the only BCP opening to Iraq. Located in a town named Silopi, more than *1.4 million* trucks per year pass via Habur BCP to Middle East region.



**Photo 18 – Habur BCP (2004)**

In the beginning of 2000s, because of the insufficient capacity, there were truck queues extending to more than 30-40 kilometers. Inadequate number of checkpoints as a result of which undertaking procedures of declaration and inspection simultaneously was not possible, and heavy vehicular traffic in the area causing disorder led the Customs to start the renovation projects as soon as possible.



Photo 19 – Habur BCP (2004)

The constructional work of Habur BCP was started in 2005 and started to be operated in 2006.

Some features of the facility after modernization is<sup>10</sup>;

- a 320.000-m<sup>2</sup> total area,
- a 3.500-m<sup>2</sup> commercial building,
- a 6.000-m<sup>2</sup> administrative building,
- Totally 24 checkpoints with 12 for entry and 12 for exit,
- 2 x-ray scanning systems for vehicles,
- CCTV systems, plate recognition and automation systems,
- Banks, insurance agency, restaurants, market, etc. in both truck and passenger sides,



Photo 20 – Habur BCP X-Ray Scanning System

With the help of the x-ray scanning systems deployed, the time for inspecting the density differences in truck without any physical effort, separating the organic and inorganic materials by their atomic numbers could be done just in 3-4-minutes period. By this means, the inspections were started to be done in a very efficient manner according to risk analyses and the old fashioned and time consuming type of physical checks were minimized.

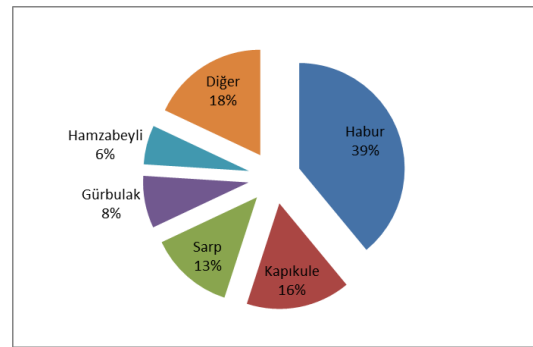


Table 13 – 2012 Turkish Borders TIR/Truck Distribution

According to the statistics of 2012<sup>11</sup>, published on the web site of İpekyolu Customs Directorate, Habur BCP constitutes 40% of the total truck flow from all Turkish BCPs, but despite this volume, Habur works 24 hours a day 7 days a week and tries to minimize the truck queues and waiting period.



Photo 21 – Habur BCP After Modernization (2012)

After the renovation of the BCP, the foreign trade of Turkey with Iraq has reached up to 12 billion USD level whereas it was around 2.8 billion USD in 2005. These figures show that improving

<sup>10</sup> <http://www.gtias.com.tr/modul/index/menu/Habur/26>

<sup>11</sup> <http://ipekyolu.gtb.gov.tr/istatistik>

infrastructure has a positive effect on facilitating trade. The total improvement ratio of foreign trade has increased 329% and total number of trucks passing from Habur has reached 1.5 million per year.

	Export	Import	TOTAL
2003	0,83	0,04	0,9
2004	1,82	0,15	2,0
2005	2,75	0,07	2,8
2006	2,59	0,12	2,7
2007	2,84	0,12	3,0
2008	3,92	0,13	4,0
2009	5,12	0,01	5,2
2010	6,04	0,15	6,2
2011	8,31	0,09	8,4
2012	10,82	0,15	11,0
2013	11,95	0,15	12,1

Table 14 – Turkey – Iraq Foreign Trade Statistics (billion \$)

## Conclusion

It is very critical to modernize the border crossing points for not only governments but also the individuals and the private sector that use the facilities. Physically renovated building, modern-looking and convenient points to carry out proceedings and transaction are just some of the steps to enhance trade. In these kinds of projects, one of the most important issues to manage and sustain the project successfully is coordination between the work of government and operating company. These kinds of infrastructure development projects must be supported by legislation amendments and electronic and simplified customs transactions. The real success can be achieved only in this manner.

Investing in the border crossings, through private sector, where government cannot because of budgetary and political reasons, and transforming the BCPs into more operational and appealing points draw attention of the world as a leading model. It will be beneficial to the government and the users of the facilities to revise the conditions of the facility according to the

conditions' and needs of the era and extend these kinds of projects to cover all logistic network to have a sustainable development.

The main benefit of the BCP modernization is that the government own a modern facility without paying a price and bearing any financial burden. In addition to having no operation expense during the operation period, with the flexible structure and more successful understanding of business management of the private sector, the government earns extra tax revenues from the incomes of the operating company and its sub-contractors.

One of the other benefits of these projects is that they contribute to the development of the region. After renovation of these points, commercial activities have started in the towns or cities where BCPs are located and as Small and Medium Sized Enterprises (SME import the needs of the region or export the manufactured goods in the region atrading volume between countries have been created. Moreover, it is observed that depending on the financial structures and developments of the countries, bordercrossing take place in cases such as meeting the personal demands or working in the neighboring country on daily basis. Similarly, an increase in the touristic travels between the countries has been noticed after the facilitation of the border crossings.

To achieve a successful output, it is important to obtain a similar capacity increase for the facilities in the neighboring country. It must be remembered that in order to cross the border in an efficient way and ensure the sustainability, the neighboring country must at least perform the transactions as fast as the other country carries out. Otherwise, bottlenecks will occur because of the neighboring country; thus, the investment cannot serve to its aim as expected. Furthermore, it is very crucial to invest in transportation infrastructure and renovate the transit corridors in parallel with BCP modernizations in order to

enable a perfect international trade flow and increase the efficiency of the logistics market.

BCP modernization projects become a beneficial project when it creates a **“WIN-WIN”** situation for all stakeholders. Similar projects may take attention as an alternative model for PPP especially for Middle East, Asia and Africa based developing countries where there is the problem of funding these kinds of projects with public budget.

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**BEFORE**



**HABUR**



**AFTER**



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