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VOLUME TWO

SECTION D

CHAPTER D1

**A BUSINESS BLUEPRINT
FOR PROVISION OF VEHICLE SUPPORT SERVICES
IN CENTRAL ASIA**

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FOR PROVISION OF VEHICLE SUPPORT SERVICES
IN CENTRAL ASIA**

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1 EXECUTIVE SUMMARY

This blue print was developed from work completed during 1996. The report covers the process that needs to followed to ensure that a locally operated dealership for trucks supplied from European manufacturers can be set up and operated successfully.

The blueprint was completed with inputs from truck manufacturers, potential local dealers and local officials. The use of this blueprint will aid European manufacturers to bridge the gap between the expectations of the two parties involved, the manufacturer and the potential dealer.

There will of course be the need for flexibility in negotiations because of the many variables involved with each dealership for example: the required level for capital investment; and the manufacturers desire for a own make only dealership.

The experience gained during the completion of this project has shown it's value by the interest shown in it by major European truck manufacturers. There is a need for a method of reducing the time spent in setting up dealerships because of the cost of manufacturer's own staff being tired down in what can be a lengthy start up process. This blue print should give the reader a better idea of where to direct effort so as to improve the process of establishing truck dealerships in Central Asia.

2 INTRODUCTION AND INSTRUCTIONS TO BLUE PRINT ADVISER

The blueprint concerns the creation of truck dealerships, which provide: vehicle services; spare parts; and servicing/maintenance. Work was carried out with the Kit company which was a potential Iveco dealership. The blueprint provides information sourced from European truck manufacturers and their local representatives and from central Asian persons.

Because of the many variable combinations of truck manufacturer and potential dealer (ie their experience and current business type) the information in this report can only be taken as guidance notes. A major influence on selection of the local partner are the criteria laid down by the manufacturer. This will cover their expectations on: experience; current company size; facilities; capital and initial equipment purchases for the dealership. The requirement of investment level of both parties needs to be discussed and agreed at an early stage.

Manufacturer restrictions on the makes of vehicle that the dealership can maintain/service needs to be clear. The requirement for an own brand only sales needs to be considered, this is generally understood by potential local operators that the truck sales side of the business would be one make. There could, and it is likely that there would be dispute if this policy also covered the maintenance/servicing side of the business. At present there are relatively few European trucks operated by locally owned operators, most of the European trucks seen in the area is foreign owned (Iranian, Turkish). Therefore any restriction on the make of trucks that is made on the dealership as to which makes can be maintained severely restricts the income of the business as in the early stages of the dealership much of the maintenance work and spare parts supply would be to these transit vehicles. This is especially true in the early years of the business before the sales of the particular brand grows to a level that makes own brand sales and servicing financially viable. .

Where the manufacturer was insistent on a strict own make operation consideration would have to be made of the following potential mechanisms to ensure that the dealership is inviting to the potential managers and is financially viable: initial capital outlay by the manufacturer for maintenance/servicing equipment and or spares; financial support through the initial period of operation, and; marketing and advertising support.

3 IMPLEMENTATION CHECKLIST

1. Identify interested European manufacturer
2. Specify dealership locations required (Country, City, Oblast)
3. Manufacturer outline type/experience/current business requirements of potential managers
4. Investigate potential dealers
5. Evaluation of potential dealers (initial)
6. Short list presented to manufacturer
7. Evaluation by manufacturer
8. Short list ordered in preference
9. Negotiation, manufacturer and potential dealer
10. Final selection decision
11. Contract signed

4 OBJECTIVES OF THE BLUEPRINT

The objectives of this business blueprint are:

- To provide technical assistance to an existing Central Asian Enterprise to provide a commercial proposition including approach to management and service offering that is attractive to European Truck Manufacturers.
- To advise on the development of the venture to include provision of spare parts and vehicle servicing to European Standards.
- To investigate further developments to include other services.

5 SELECTION OF THE WESTERN PARTNER

5.1 Objective of the stage

The objective of this stage is to ensure that the most suitable European partner is selected for this implementation of the Blueprint in order to match the requirements of the market within the Republic.

5.2 Introduction

This is not actually a single Blueprint it is a number of alternative Blueprints for the creation of vehicle, spares and servicing organisations. The choice of Blueprint is dependent on the current market characteristics in the Republic, the available Central Asian partners and the current policy of the European partners and their interest in the Republic concerned. This stage deals with the last of these.

5.3 Strategic Development Policy of the Manufacturer

During the implementation of the Pilot in Kyrgystan, it became clear that the European manufacturers each have significantly different policies regarding the strategic development of their business in the former Soviet Union. As a result of this it would be wrong to develop a single Blueprint on the policy of one manufacturer which would then preclude assistance to other manufacturers in the area.

To this end, the development policy of three major European manufacturers is discussed in this section.

5.3.1 The 'Iveco' Approach

The strategic development policy of Iveco in countries of the former Soviet Union is to select transport operators to be the official dealers for their vehicles.

In the opinion of Iveco, a transport operator has more understanding of the business and can show his commitment to the Iveco vehicles by running them himself. Iveco find that this overt display of equipment matched with the empathy felt between the dealer and his potential customers improves sales.

More importantly, Iveco believe that post-sales service and servicing is the single most important generator of sales in a country and they believe that the understanding and empathy shown by a transport operator or distributor with the needs of their customers ensures the best service levels.

This policy has been followed and developed first in the Czech Republic, Poland and Hungary where it met with some success. It has also been successfully followed in the former Soviet Republics of Ukraine and Russia.

Attempts to establish such dealerships in Central Asia and particularly in Kazakstan have not been successful in the past and Iveco were seriously considering removing their presence from Central Asia prior to their involvement in these Pilots.

Their previous search for partners had, by necessity concentrated on the former State RTE's and Joint-stock enterprises that have developed out from the Ministry of Transport. Their experience with these organisations was that they do not have the necessary structure, people, management techniques or important philosophy to be effective dealers.

Their experience through this Pilot is that in the KIT company in Kyrgystan and Bayan-Aul in Kazakstan, they have found transport operators and distributors who also display the correct attitude and management techniques to perform as official vehicle dealers.

5.3.2 The 'Scania' Approach

The Scania approach to the creation of vehicle dealerships is the opposite to that of Iveco. Scania will not select transport operators as their official dealers because they feel that it causes a competitive problem in the market.

They feel that the potential customers for Scania trucks are themselves transport operators and that they would be unwilling to purchase their trucks from one of their competitors, thereby boosting their overall business.

Once again, this policy has been successful for Scania in the emerging countries of Eastern Europe and they intend to follow the same route in Central Asia.

The policy of deliberately not selecting transport operators leads Scania to deal with general merchants in many different industries. In developing this Blueprint further, we will be examining the feasibility of two possible approaches for Scania with general traders.

The first will be to examine the feasibility of some co-operation between Scania and existing CIS manufacturer dealers or servicing agents in Central Asia. Two obvious candidates for this are the GAZavtoservis networks in each Republic and the Kamaz networks.

The second option is to examine the feasibility of dealership/spare/servicing facilities that are shared between two or more European manufacturers. Iveco are interested in discussions regarding this as are Volvo, whose approach is outlined below.

5.3.3 The 'Volvo' Approach

Volvo have a strategic approach which is not available to either of the other two European partners in this Pilot. They are able to establish a presence and a name in a country through their cars division and then move into that country with the trucks division. This takes full advantage of the experience contacts and infrastructure established for the cars venture.

This has been the strategic development route followed in Kazakstan. Volvo cars have had a dealership facility in Kazakstan since 1993. The well established dealership, spares and servicing facility is in a prominent position in Almaty, making Volvo one of the first European names seen by visitors to the city.

The enterprise started as a straight joint venture between Volvo cars and an Almaty enterprise called Business-Dos. This team developed the venture and is now under the ownership of a more complicated holding structure but both Volvo and Business-Dos retain a stockholding interest.

The same process is now being repeated for Volvo trucks. They are supporting a Business-Dos plan to construct a combined truck dealership, spares outlet and servicing facility with a tyre re-treading plant in Almaty.

The plan for this venture is shown in Chapter A to this Blueprint.

The venture is an interesting one and Business-Dos are willing to discuss the joint involvement of Iveco and Scania in the project should it appear commercially feasible.

5.4 Assistance offered by the Western Partner

Each of the European manufacturers have an established means of assistance to new dealerships. That for Iveco and Scania is contained in Chapter B, that for Volvo is in Chapter A.

Chapter B also contains the 'blueprint' required by each of Iveco and Scania, including their requirement for English speaking sales staff, dedicated management and minimum servicing facilities.

The assistance offered by both organisations is principally in the field of operative training and discounted spares and vehicles. Neither organisation is able to provide the funding necessary to prime the operations nor are they able to provide the Bank guarantees necessary to allow leasing of the vehicles. These issues are discussed further in section 5 of the main Completion Report.

6 SELECTION OF CENTRAL ASIAN PARTNER

6.1 Objective of the stage

The objective of this stage is to ensure that a rigorous and consistent procedure is applied in the selection of existing/potential dealerships that will receive technical assistance to implement the Blueprint.

6.2 Introduction

The stages in this section are designed to assist in this selection process building on the experience gained in the Business Pilot. The stages to be followed are:

- Survey of potential operators
 - Initial interview and questionnaire
 - Selection
-

6.3 Survey of Potential Partners

A survey has been carried out of existing dealerships in each Republic but this should not be considered at all exhaustive as most of these are organisations originating from the FSU. The selection process is complicated by the dynamic changes in the market, because of this a new survey is recommended before the start of each implementation.

Chapters B1 and B2 of the Completion Report gives a full listing of information obtained regarding Vehicle Dealers, Spare Parts Dealers and Servicing outlets. Some of the enterprises listed already cover all three of the above functions, some specialise in only one of the three. The Blueprint concerns the establishment of enterprises that are able to provide all three functions.

Section 4 of the Blueprint discusses the selection of the European partner. The partner selected and the policy of that partner will largely determine the type of enterprises that are included in the survey.

6.4 Initial interview and questionnaire

The main objective of the project is to help establish an enterprise that is capable of providing a service which is acceptable to the European partner and which will represent that partner's interests in the Republic. Important criteria for any enterprise to be capable of this include :

- adaptability to accept new ideas and methods
- flexibility to be able to make the necessary changes
- entrepreneurial
- enthusiastic
- good connections commercially and politically existing good reputation within the Republic

A questionnaire to elicit this information is shown in Form 5-1.

FORM 5.1 Questionnaire for selection of Central Asian Partner

Note: This questionnaire should be administered by personal interview.

1. How long has the enterprise been in business?
2. Who owns the business?
3. For how long has that ownership structure been in place?
4. What is the organisational structure of the enterprise?
5. How many people does the enterprise employ?
6. How is the enterprise managed?
7. What services does the enterprise currently offer?
8. Who are their main customers?
9. Do they have any marketing material?
 - business cards
 - letterheads
 - brochures
 - advertising material
10. Do they have any formal business plans?
11. How do they see their business developing over the next:
 - 1 year?
 - 3 years?
 - 10 years?
12. Have they attempted to raise money through any institutions previously?
13. Does the company employ a full-time accountant?
14. Observations (not questions)
 - What is the standard of office?
 - Is the office combined with an operation?
 - Is the office obviously part of another transport enterprise?

6.5 Evaluating the questionnaire and making the selection

The questions on Form 5-1 are designed to give an impression of the degree to which the enterprise satisfies the selection criteria. You should expect to be able to gather the following information from the responses (using Form 5-1 as a guide):

1. Any truly independent enterprises are unlikely to have been in business for more than 5 years in Central Asia.
2. Ideally the enterprise should be owned by the interviewee. If the manager is not the main stockholder in the enterprise then the owner's commitment should be

unequivocally gained. The Blueprint Adviser should be wary of 'Joint Stock Enterprises' which are part owned by a Ministry and may well be part of the old Soviet supply chain.

Such organisations are likely to be burdened by the infrastructure from the Soviet system, over-staffed and relatively non-entrepreneurial.

3. If the enterprise has been set up recently and concentrates on vehicle and parts supply, this may have been done to take advantage of this project.

Independent enterprises tend to have fairly flat management structures which reflect their entrepreneurial basis. They are unlikely to have the large clerical support, outdated administration systems and large buildings which would indicate a Ministry supply organisation.

5. The number of employees should be comparable to a similar enterprise in the Europe.
6. The Adviser should get a good feeling for the flexibility of the company by interviewing their senior management and gauging their adaptability. It should be remembered that all of the potential European partners require the presence of at least one English speaking manager.
7. Determine the enterprise level of focus and whether it is over-stretching its resources by working in many different, un-related sectors. It is unlikely that the enterprise is currently specialising in truck or spares sales unless it is for CIS manufactured vehicles.
8. The Adviser should determine which industry sectors are represented by the enterprise's current and planned customers
9. The Adviser should establish the existence and quality of any marketing material - the better the material, the more suitable the enterprise is likely to be.
10. The Adviser should ask to see any existing business and financial plans.
11. The Adviser should attempt to find realistic growth estimates from the enterprise that are justifiable.
12. Any evidence of earlier attempts to raise finance should be discussed and may display the necessary entrepreneurial flair.
13. The presence of a full-time accountant and support systems suggest that the enterprise may be suitable.
14. The Adviser should ascertain the use of management accounts as a management tool, and whether the company has computer support for its accounting.
15. Observations made about the current facility will give a good guide to the attitude and philosophy of the management.

The answers to the questionnaire should be analysed into an estimate of the current situation for the enterprise. A brief copy of the start situation for the Bishkek Business Pilot is given in Chapter B to this Blueprint.

7 SPECIFIC AREAS OF FOCUS

7.1 Objective of the stage

The objective of this stage is to identify areas of specific focus relating to the implementation of this Blueprint in Central Asia, over and above those of a more general management nature.

7.2 Introduction

The analysis of the current Central Asian truck fleet contained in Chapters A1 and A3 of the Completion report show a severe decline in fleet size and a corresponding marked increase in the average age of the fleet.

This fleet change will certainly be accompanied by a considerable restructuring of the Hire & Reward transport sector in each of the Republics. With the majority of the current State and newly privatised transport operators failing to survive the next three years, the new reduced third party transport sector will demand a better fleet with which to provide their service.

Their demands will include:

- an overall fleet profile more closely matching the European pattern with more Box-vans and Articulated trucks and less Flatbeds and Tippers.
- trucks that are capable of carrying far greater loads than the CIS manufactured trucks - even allowing for the current poor state of the roads.
- small individual fleets of specialist vehicles specifically assembled and managed on a dedicated basis for individual customers. Examples of this will include air suspension vehicles for computer equipment and sophisticated multi-compartment fuel tankers and refrigerated/insulated vehicles for food distribution.
- trucks which will remain operable throughout their working life through an efficient after-sales support service.

All of these requirements point to the need for an increase in the supply of European manufactured trucks. This is unlikely to mean new trucks in the short term but the collapsed Central Asian truck market needs the injection of used European trucks in at the top of the truck market so that the cascade effect leads to the improved utilisation of the CIS manufactured fleet at the bottom of the market.

The Blueprint is concerned with the establishment of a dealer enterprise to provide this service but the specific requirements of the market described above have led to specific issues which are of fundamental importance being identified during the Business Pilot carried out in Bishkek during Summer 1996.

The major issues identified were:

- the need for funding
- insurance

- the supply chain for the vehicles
- the supply chain for parts
- establishing high quality after sales service

Each of these is now considered in turn.

7.3 Financing the Trucks

The restructuring of the Central Asian trucking industry and the inevitable re-fleeting that is necessary to accompany it can only occur if the appropriate levels of funding are made available.

In developed economies all the necessary components exist to compile the many small packages of finance which the third party trucking industry needs to finance its activities.

The advent of leasing in European economies suits the trucking industry very well. It is now uncommon for any transport operators, third party or own account, to buy their vehicles. A relatively small fleet of a hundred vehicles could easily tie up USD 10 million of capital which could be used elsewhere in the business.

By leasing a vehicle, an operator can spread the payments across the whole life of the vehicle, thus providing himself with a reasonable cash flow as the vehicle earns him revenue.

In European countries during the 1980's the concept of Contract Hire was born. In Contract Hire, the leasing of the vehicle is incorporated into an overall 'vehicle management' contract whereby the operator of the vehicle receives, for a single monthly payment:

- regular servicing of the vehicle
- execution of the annual vehicle inspection
- supply and fitting of parts as necessary
- payment and administration of vehicle excise duty
- provision of replacement vehicles for down-times

This concept of high service level 'one stop shopping' is the ideal proposition for a dealer in the developing markets of Central Asia and is discussed further below.

However, there is a fundamental need for financing on two levels:

- For the dealer to establish the facility
- For the customers of the dealership

7.3.1 The Dealership

The requirement of the dealer is for Working Capital to equip and run his operation. Under normal circumstances, a Vehicle Dealer in Europe would have a 'Demonstration Model' for each type of vehicle in his manufacturer's portfolio. Brochures and pictures alone rarely sell trucks.

Demonstration Models, unlike cars are also tried by potential purchasers, 'on the job' for a protracted period to ensure their suitability. So there is a need from the start for at least a basic range of models.

In the medium term in Central Asia, the market is more likely to involve used rather than new European trucks and this may make it more difficult and less necessary to have a comprehensive range of Demonstrators.

However, this does produce a need for a green-field vehicle dealer to have a demonstration range of at least one rigid and one articulated truck at the likely combined capital outlay, even if used of USD70000.

The truck manufacturers are all willing to offer steep discounts on new trucks and are likely to be able to be even more flexible on used trucks within their system.

The manufacturers also help more directly with other items of Working Capital. For instance spare parts supply is both heavily discounted (50% in the case of Iveco) and subject to extended credit terms (up to 120 days with Iveco).

Other items of Working Capital such as marketing materials and certain workshop equipment are provided free as part of their dealership blueprints.

Nevertheless it is estimated that if the initial development of a vehicle dealership, spares and servicing facility were fully 'on balance sheet' it would carry a requirement of approximately USD500,000.

This requirement could be eased by the leasing of the demonstration vehicles and certain initial equipment purchasing and thus spread the load over a period of years and reduce the working capital requirement to just consumable parts.

7.3.2 The Customers of the Dealership

For the sake of saving the threatened Central Asian third party trucking industry it is the operators, the customers of the dealerships that need the help with financing and the raising of funds.

These packages of funding may, for owner drivers be as small as USD 30,000. The use of leasing means that the operator can spread the cost of the truck making it, in effect a revenue item. It is estimated that, in the medium term, the maximum likely single purchase would be for 10 trucks with a maximum capital requirement of USD1 million. The majority of purchases would, especially during the restructuring period, fall in the range between USD30,000 and USD1 million.

The Business Pilot has found it extremely difficult in Bishkek, Almaty and Tashkent to generate interest in such funding packages. This includes agreement of loans and Bank Guarantees. Funding organisations consulted included: USAID, EBRD, and local banks.

Most of the funding organisations are geared to the raising of fewer, much larger packets of funding for large capital projects. Even the application and selection procedures are much too long and complex for packages such as this. The use of local banks including those partnered with Western banks, offer loan facilities but at prohibitively high interest rates. Local companies contacted as part of the project had been quoted loans with interest rates up to 40% per annum.

Recommendations elsewhere in the Completion Report are that Bodies be created to channel funds quickly and effectively through Bank Guarantees, in small packets to a large number of small transport operators throughout the Area.

This will have the desired effect of re-fleeting the Central Asian trucking industry as well as providing a welcome boost to the European used truck market.

Once such funding bodies are in place, the vehicle dealers can begin to carry out what should be their main role as the provider of a full 'one stop shop' for the provision and administration of vehicles. This role is discussed further below.

7.4 Insuring the Trucks

One of the important aspects of the role of a vehicle dealer in Central Asia is to provide his customers with a full range of services that can be supplied in addition to selling trucks. This includes advice and assistance in aspects of the business in general which are new or unfamiliar to him. One of these aspects is insurance.

The insurance industry in Central Asia is relatively undeveloped and is currently being tackled by a small number of western insurers. The requirement for good, reliable insurance is a vital aspect of a quality trucking company, anywhere in the world. For a number of reasons it is a necessity for RFO's to have cover:

- Legal requirement, this will become progressively more important with development of legal requirements and increased enforcement.
- Lenders requirement, if the vehicle is the collateral for financing insurance is required to stop the asset becoming worthless in an accident or claim.

If, as in the case of leasing, the vehicle is the property of the leasing company then insurance will be mandatory.

- To operate in Europe the RFO must have the required insurance cover.

The dealership should therefore be able to supply as part of its service advice in certain areas of insurance:

- The requirement for insurance;
- An idea of how the systems operate;
- Where to get insurance cover.

Insurance for trucks is available in Central Asia from European and other international companies that may use a local company as an agent. A list of potential insurers active in Central Asia is included in Chapter C to this Blueprint.

7.5 The supply chain for trucks and spares

A critically important aspect of any vehicle dealership is the quality of after-sales service. The Iveco policy can be quoted as "the salesman sells the first truck, but the service point sells all the next vehicles".

A major aspect of this after-sales service is the supply chain of vehicles, spare parts and consumables and this needs careful and skilful management. Too cautious a policy of supply chain management will lead to the burden of too high stocks and hence working capital.

If the management is not controlled, it could lead to delays in the supply of vehicles and parts following stock-outs. These could be particularly serious for the customer as the dealership is at the end of a long and expensive supply chain so delivery time may be long. The transport operator will be desperate to reduce his down-time to a minimum.

The consideration of supply chain must be made to ensure that the service required by the dealership and customers is satisfied. Systems and relationships must be in place that satisfy the lead time requirements for the supply of vehicles and parts.

Customs procedures and the possible delays are an important area of consideration and have been discussed elsewhere in the Completion Report. A case study of the spares supply chain for GAZ, a CIS manufacturer is contained in Chapter D to this Blueprint.

This is an important area now and will continue to be so into the medium term at least so a dealer with knowledge of and links to the customers authorities would have a head start on those without this.

The supply chain systems in place require close communications between the dealership and the manufacturer to ensure that each party knows the other requirements and capabilities. The dealer needs to:

- communicate with suppliers to know of future problems/delays with supplies;
- place orders with enough time to receive delivery as required;
- hold necessary stocks, especially of fast moving items;
- communicate to customers accurately the capabilities of the dealership to supply goods on time;
- have accurate stock control systems in place;
- pay suppliers on time, so ensuring continuity of supply.

Dealers should expect manufacturers to:

- communicate problems that may causes delays to deliveries;
- supply exactly what was ordered;
- supply parts of the quality expected and required.

7.6 Establishing quality after sales services - the dealer's role

The management of the dealership must understand that the dealership is in business not just to sell trucks. This is of course the core business but other services must be considered. The dealership must offer a selection of complimentary services that cover its customers needs.

Managed properly, these areas are profitable in their own right, with little need for working capital and can make a good contribution to the owners total profit. Such services should include:

- Assistance with funding
- Assistance with business planning to raise funds
- Contract Hire management of the vehicle
- Guaranteed supply of parts
- Assistance with insurance
- Assistance with disposal of current fleet

All of these are the 'value-added' service aspects that will differentiate the offering from other dealers They are discussed in more detail in section 7 which examines the role of the dealer.

8 DEVELOPMENT OF BUSINESS PLAN

8.1 Objective of the stage

The objective of this stage is to provide advice to the dealership management on the definition of their role, preparation of their business plans and the preparation of a package of services that can be offered to customers.

8.2 Introduction

This stage pulls together all the different aspects of the Blueprint and concentrates on the detailed role to be performed by the Dealership in the market. The section is based on the experience gained from the Bishkek pilot and its extension during the project into Kazakstan.

8.3 The Partner's (manufacturers) blueprint

Each of the European partners interviewed during the pilot produce brief Blueprints which provide guidelines for prospective dealers. These are contained in Chapter E to this Blueprint.

8.4 The Dealers Role and customer package

The role of a good dealer is considerably more complex than merely selling trucks. There must be a package of services on offer to ensure that

The role of a good dealer is considerably more complex than merely selling trucks. There must be a package of services on offer to ensure that customers are attracted too the business and stay with it. This requires the dealer to offer services at three stages:

- Before Purchase;
 - Show room facilities for vehicles
 - Test driving capability
 - Advise on selection of correct vehicle
 - Methods of purchase
- After sales, during the vehicles life: and at
 - Warranty
 - Servicing
 - Spare parts
- Replacement (at the end of the vehicles life).
 - Buy-back facilities
 - Part exchange

8.5 Dealers plan

Planning is an integral and vital part of any business. The dealership both before it starts trading and during must consider a number of areas of the business. This will cover the services that it will provide, how to attract and keep customers, the businesses competitors etc.

- Services supplied, what does the dealer need or have to supply, when will these need to be offered to the customers all at the start or phased in over a period of time. What level of service is required i.e. what volume and range of spare parts will be held. Areas to consider would include:
 - Parts
 - Servicing
 - Repairs
 - Warranty

- Business plan of dealership, this should be completed for both internal and external use. For external use this would be completed for both the vehicle manufacturer and by the suppliers of any loans. The management of the company require a control mechanism for short and long term management of the company. The business plan will cover the areas of:
 - Operations plan
 - Financial plan
 - Marketing plan
 - Capital requirements
 - Capital sources
 - Staffing (numbers, quality, training required)

- Advice to customers
 - Business planning advice:
 - Where to get financing:
 - Vehicle requirements of business:
 - Revenue requirements, what is required so that the vehicle can be paid for;
 - Pricing;

- Sales policy
 - Balancing second-hand / new sales:
 - Policy on part exchange - what to do with Russian made vehicles?.

SWOT Analysis

A useful method of analysing a company is to complete a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats). This should involve staff from all areas of the company so that the inputs are from as wide sources as possible. The group should go through each of the four sections, initially as a brain storming exercise followed by refining period where a useful list can be created. The analysis completed by the GIBB team and the local dealer in Kyrgystan is shown below:

- STRENGTHS
 - First dealership
 - Vehicles suitable to work in Europe
 - Entrepreneurial nature of management
 - Location (if have good choice)
 - Training/advice available
 - Backing of manufacturer

- WEAKNESSES
 - Financing of purchases
 - Insurance
 - Currently shrinking economy
 - Lack of experience
 - Cost of purchase
 - Dealership network
 - Servicing & parts

- OPPORTUNITIES
 - Large potential market
 - Ageing fleet of Russian made vehicles
 - Possible stricter rules on vehicles and operators
 - Potential growth in economy
 - Need for import/export capability
 - Expansion of business
 - Dealerships on other sites
 - Diversification

- THREATS
 - Projectionist policies of government to assist Russian Truck companies
 - Other foreign makes of trucks
 - Trucks purchased in Europe and brought back to central Asia

ANNEX D1-1
THE START SITUATION FOR THE 'KIT' COMPANY IN THE
BISHKEK BUSINESS PILOT

The start situation for the KIT company in the Bishkek Business Pilot

Discussions were held with the KIT company managed by Mr. K. Singh. KIT is a freight forwarding company based in Bishkek, Kyrgystan. The company has contracts with several companies including Procter and Gamble. KIT was established by the current manager and shows his ability to establish and run a successful business. The move into truck dealership is a diversification for the company but shows the entrepreneurial nature of the owner. This ability allied with his experience of managing his other operations suggests the positive potential for the new dealership operation.

The new dealership business would be, to some extent, financially supported by the existing activities, therefore the burden of overhead costs would be reduced, at least at the early stages of the enterprise. This would be a considerable aid to the cash-flow at the vital early stages of the business.

Discussions of the number of potential customers showed a high interest in the proposition, although this could not be corroborated physically by the European experts. It is also understood that the difference between potential customers who show an interest in buying new vehicle and those who eventually do buy would be large, but the interest could be seen. The sale of used vehicles should be investigated.

The model range, quality and effectiveness of the CIS manufactured trucks was investigated. The statistical findings discussed in this report, show a dramatic decline in the number of useable Russian made trucks from the present day onwards. The ageing fleet in central Asia is generally due to the appreciable reduction in purchases of new Russian made trucks. The quality of the vehicles is highly questionable, the term 'useable' (which is used in the locally supplied statistics) in relation to central Asian trucks is well below what would be considered as the required standard within Europe.

The average capacity of trucks within central Asia is around 5mT, with larger articulated vehicles up to 15 mT, these are below the capacity of European rigid and articulated trucks (15 mT and 38 to 42mT respectively).

The increasing requirement for replacement of Russia as the source of trucks gives European manufacturers the opportunity to expand into the Central Asian market. The presence of demand for trucks however is only one of many criteria that need to be fulfilled to make the Central Asian market a viable business proposition. Issues that need to be considered include:

Cost of buying new vehicles;

- Increasing cost of buying new Russian made trucks;
- Availability of spares;
- After sales service;
- Financing new vehicles;
- Physically getting the vehicles into the country;
- Customs problems;
- Import duties (protectionist measures for vehicles constructed in the CIS).

The requirements of an attractive market need to be fulfilled but also a suitable local dealership must be found, evaluated and contracted to the manufacturer. Any potential buyer of a European made truck will need a number of questions answered, it will be the responsibility of the dealership to:

- Have the required infrastructure and services on offer to provide a solution; or
- Know where to find a solution.

A number of the points raised in this section and elsewhere in this study make the sale of used trucks an inviting proposition the potential advantages of Used vehicles:

- Improve European second hand market prices;
- Older design of trucks more suited to Central Asia as less sophisticated than modern designs
- Repairs easier with more basic equipment and training
- Some modern suspension systems are less suitable to the poor road conditions
- Poor road quality can be problem with electronic equipment i.e. engine management systems;
- Initial capital outlay lower;
- Use manufacturer networks to locate suitable vehicle;
- Damage caused when being delivered to dealer less of a problem;
- Good availability of trucks in Europe.

Manufacturers very hesitant to being involved too directly with the financing aspects of the purchase. This aspect of the potential dealers attitude towards sales of vehicles is an area that required attention. The European truck buyer expects there to be financing packages available and discussed at the dealership and this is an important part of the role of the dealer in the selling process.

Foreign financiers vary greatly in the level of interest in transportation enterprises and the amount of time and detail of information that they require. In some cases the latter requirement is prohibitive to the enterprises applying for a bid. The level of advise that is available to local enterprise management is very low and the existence of potential funding agencies is in many cases not known about by the smaller companies and organisations that our experts were in discussion with.

CHAPTER D2

A BLUEPRINT FOR ACCESS TO THE PROFESSION OF ROAD FREIGHT TRANSPORT IN CENTRAL ASIA

A BLUEPRINT FOR ACCESS TO THE PROFESSION OF ROAD FREIGHT TRANSPORT IN CENTRAL ASIA

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**A BLUEPRINT FOR ACCESS TO THE PROFESSION
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EXECUTIVE SUMMARY

This blue print has been developed from a Business Pilot carried out in Tashkent, Uzbekistan during the summer of 1996.

The Business Pilot represented the first successful implementation of the Blueprint and has resulted in a full Access to the Profession regime for Uzbekistan - the first in Central Asia.

A major reason for the success of the pilot was the fact that the authorities in Uzbekistan were aware of the importance of such a project and gave the scheme its strong and overt support.

The first and most critical stage in any implementation of this Blueprint must be to gain this recognition at the highest Government level. In Uzbekistan, a decree was issued declaring that any operator in Uzbekistan wishing to obtain a licence to work internationally had to be the holder of the recognised access qualification,

Unless this level of support is given to provide the course with its context, the implementation will fail.

The Blueprint only deals with access qualifications for international transportation as the legal framework to allow the imposition of a domestic regulatory framework will not be in place till beyond 2000 in some Republics.

However, the Blueprint tries as far as possible to also lay the foundation for domestic access to the profession so that the two schemes are comparable as in Europe.

The Business Pilot concentrated on the TADI Institute in Tashkent as the training provider for the Access course. A total of 20 students were put through the inaugural course - representatives from the Transport Ministry, Operators, Transport Association and the TADI Institute as well as observers from Kazakstan who had also attended the ASMAP course in Moscow and were able to give us a comparison.

Unsurprisingly, there is a desire in Uzbekistan to immediately have a competitive situation with regard to the training provision. In the long term this is a desirable trend but it has been resisted within the pilot and any initial implementation. It is considered that, as the Central Asian Republics are commencing their Access regimes from scratch it would be better to concentrate on the initial development of a single provider in each Republic, allow that provider to settle down and produce measurable quality against which competitors can be judged and then allow competition, especially geographically as the Republics move towards full national regulations.

1 INTRODUCTION AND INSTRUCTIONS TO BLUEPRINT ADVISOR

The blueprint concerns the establishment of a regime which demands an Access to the Profession qualification from each transport operator licensed to work internationally.

It was developed from the Business Pilot carried out in Tashkent, Uzbekistan during the summer of 1996.

The central part of the Blueprint concerns the establishment of an inaugural course for the provision of an access qualification. There is great demand from the Central Asian Republics to follow Uzbekistan and gain such a course.

The Advisor must ensure that the partner organisations appreciate that the course itself is only one part of the Blueprint and that it is essential that the remainder of the regulatory framework is also put into place.

Without the prior and complete and open acceptance of the need to licence and control the quality of operators working internationally, the remainder of the Blueprint will fail. With the framework in place, the provisions of this Blueprint will result in a robust, internationally recognised control system for transport operators and will form an important basis for the full regulatory system which will gradually be introduced after the year 2000.

The following sections provides an outline of the Blueprint and the stages involved, sections 4 - 8 then provide the detail required to implement each stage of the Blueprint.

2 IMPLEMENTATION CHECKLIST

The Blueprint Adviser should ensure that the Republic receiving the Blueprint makes a senior official available as an overall project manager for that Republic. It is most likely for this Blueprint that the responsible person will be a senior official in the Ministry of Transport.

A relationship should be established between the Blueprint Adviser and the Republic Project Manager before the implementation commences so that both parties fully understand the aims and stages of the Blueprint.

The Republic Project Manager will formally sign-off the overall implementation and any sections for which he has a direct responsibility. The Republic Project Manager will nominate managers to represent him for each of the stages of the Blueprint and that person will in turn, sign-off each section as it is completed to his satisfaction.

IMPLEMENTATION CHECKLIST

Blueprint Section	Date due	Date completed	Signature
Republic Project Manager appointed			
Aims and stages agreed			
Governmental Decree issued			
Governing Body stage manager appointed			
Governing Body established			
Examining Body stage manager appointed			
Examining Body established			
Training Administration stage Manager appointed			
Training administration established			
Training Course stage manager appointed			
Inaugural Training Course completed			
Business Plan stage manager appointed			
Business Plan completed			
Implementation Completed and accepted			

3 OBJECTIVES OF THE BLUEPRINT

1. To establish a framework for Domestic and International Transport Regulations.
2. To define the roles of organisations involved in the enforcement of regulations, the awarding of professional qualifications and the training for those qualifications.
3. To provide technical assistance in the development of a business plan for the provision of training services for professional access.

4 ESTABLISHING THE ENFORCEMENT REGIME

4.1 Objective of the Stage

There is considerable demand among the Central Asian Republics for a European standard programme of training for access to the profession. The remainder of the blueprint addresses the provision of such a programme but this stage deals with a more important and prior consideration which is the creation of a framework to licence operators and enforce the regulations when they are created.

4.2 Introduction

It is important to appreciate that, compared with the current situation in Europe, any work on Transport Regulations in Central Asia must be carried out in a vacuum. A full package of domestic regulations comparable to European regulations cannot be implemented until the legal framework is in place with regards to transport.

This is the subject of a separate Traceca project carried out by Scott Wilson Kirkpatrick, due for completion at the end of 1997. It is their opinion that it will be a further two years before domestic regulations may be imposed.

However it is necessary to modify current operator licensing and to establish a governing body which will enforce the regulatory regime. It is recommended that a regime be established which is capable eventually of enforcing the full domestic and international regulations set,

4.3 The Governing Body

Identification of the Governing Body is the most important prerequisite of any enforcement regime. It sits at the hub of the entire enforcement regime with links to the legislators, the international community, transport operators, examining bodies and training providers.

For these reasons, the Governing Body must be a recognised part of the State Government - normally the Ministry of Transport and its role should be clearly defined and publicised.

A department or directorate needs to be given clear responsibility to enforce the regulations, with the head of the department given senior status within the Ministry. A suitable department in most republics will be the Vehicle Inspectorate which already exists to enforce the annual road worthiness tests on vehicles.

4.4 Linkage to Transport Operators

The key enforcement mechanism used by the governing body is the Operators Licence which is the authorisation granted by the State to allow the operator to run his vehicles.

A mature transport regulatory system as found in Europe has licences for both international and domestic operators. In granting a domestic Operators Licence, the governing body

expects the holder to comply with all the current regulations concerning operations within that country. The holder of an international Operators Licence is expected to meet the domestic transport regulations in every country in which he operates his vehicles as well as international conventions.

When a system of Operator Licensing is in place, the Government can make the issuing of such a licence dependent on the holder proving that he is a competent operator. A list of the European requirements are contained for reference in **Annex D2-1** to this blueprint. An important element of this proof is for the operator to display that he is operationally competent.

In most countries, access to the profession is through achieving a Certificate of Professional Competence (CPC). This may be to allow the operator to work just domestically within the host country or internationally.

An enforcement regime cannot be fully implemented until the system of Operator Licensing is completed. The following Action Plan is recommended:

- Issue a Government decree requiring operators working internationally to be licensed.
- Set date for licensing system to take effect.
- Establish inaugural International CPC course and award certificates.
- Issue decree demanding that vehicles used for international operations be registered by licensed operators and permits granted.
- Empower customs authorities to refuse exit for non-authorized vehicles.
- Issue Government decree requiring operators working within the Republic to be licensed.
- Set date for domestic licensing system to take effect.
- Domestic vehicles to be registered by operators and permits granted.
- GAI empowered to impound vehicles not displaying permits.
- Domestic regulations introduced gradually as legislation allows including introduction of domestic CPC.

Following the above action plan will set the framework for a fully operative regulatory system and will enable the governing body to enforce those regulations.

The pilot project for developing this blueprint was carried out in Uzbekistan and concerned only stages 4.4.1 - 4.4.3. The full Action Plan will need to be executed over a number of years but the authorities in each Republic should be fully aware of the overall plan.

Scott Wilson Kirkpatrick who are carrying out the legal framework project believe that stages 4.4.6 - 4.4.10 will not be possible until at least 2 years after the end of their project. This means that work will not start on implementing a full domestic Operator Licensing system until 2000 at the soonest.

4.5 Linkage to the CPC Examining Body

An essential criterion for both international and domestic Operator Licences is the professional entry qualification - the Certificate of Professional Competence or CPC.

The governing body will establish and empower an examining body and will appoint its members. This examining body will report directly to the governing body (assumed to be the Ministry of Transport). Section 5 below covers the establishment of the full examination regime.

The governing body will provide a link between the developing legal framework and the examining body so that the latter can embody legal changes in the regulations and the CPC syllabus.

4.6 Linkage to the CPC training providers

The governing body will appoint the training providers and will develop a scheme for accreditation of such providers. In the pilot project, a single training provider has been established (the TADI Institute in Tashkent).

In the long term it is likely that the Republics will require a competitive situation with a number of training providers offering alternative programmes. As the system matures for instance, provision will be required in the more important Oblasts in each country, rather than students having to travel to the capital.

However it was considered important, given the embryonic nature of the scheme in each Republic that resource be concentrated initially into one provider to ensure a high basic standard of provision against which future providers may be compared.

4.7 Linkage to the legislation process

As the system of transport law develops the governing body has to provide a two-way link between the regulations and their embodiment in the legal system. Developments in the legal system must be passed on to the examining body and training providers for inclusion in CPC courses.

Shortcomings in the legal system will be identified by operators and must be passed on to the legislators and necessary changes made.

4.8 Linkage to International Institutions

The governing body should provide formal links to international institutions. This will be via:

- i) Trade Associations - to gain membership of IRU etc.
- ii) Government - formal ratification of international conventions:
 - TIR
 - CMR
 - ADR
 - ATP etc.

5 ESTABLISHING THE EXAMINATION REGIME

5.1 Objective of the Stage

Any regime that regulates entry to a profession through training and then examining for 'competence' has to have an examination regime that works to high standards of integrity and transparency.

The objective of this stage is to advise on the establishment of an examination regime that is seen to be separate from all the other institutions involved in regulations.

5.2 Introduction

This stage covers the establishment of the examining body, its composition and its role.

5.3 The role of the examining body

The examining body has the following roles to play:

- To compile a database of questions for use in examinations.
 - To determine the pass marks for the examinations.
 - To maintain the integrity of examination procedures (see 5.6 below).
 - To mark the completed examination papers.
 - To be the body responsible for certification of successful candidates.
 - To notify training providers of examination results.
 - To formally audit examination procedures and arrangements on a regular basis
 - To determine the scale of examination fees.
 - To determine the frequency of examinations.
 - To ensure consistent standards and content of syllabus for training.
-

5.4 The composition of the examining body

The examining body will report directly to the governing body which is assumed to be a department of the Ministry of Transport. The body should comprise representatives from:

- The Ministry of Transport
- Research Institutes specialising in Road Transport.
- Technical Universities or colleges specialising in Road Transport.
- Regional Ministry establishments.

- Other Ministries operating vehicles on an own account basis.
 - National Transport Trade Associations.
 - The GAI.
-

5.5 The Integrity of the examining body

The Examining Body, whilst working on behalf of the Governing Body must be seen to fully independent of individual operators.

The body must also clearly be independent of training providers and should not contain any representatives of those providers.

5.6 Security Issues

The Examining Body will maintain an accurate and regularly updated database of all candidates who have passed CPC examinations. This will ensure that multiple certificates are not held by individuals.

The Examining Body will maintain the integrity of examination procedures which are followed by the training providers (see section 6 below).

The Examining Body will ensure that procedures are established and followed to maintain the security of examination papers (question and answer papers).

The Examining Body should ensure that no duplicate certificates are ever issued **under any circumstances**. In the event of loss of certificate, only a confirmation letter should be provided to the CPC holder.

6 ADMINISTRATIVE PROCEDURES FOR THE TRAINING PROVIDER

6.1 Objective of the Stage

The integrity of the CPC regime is determined to a large degree by the procedures followed by the Training Provider. This stage gives technical assistance to the provider.

6.2 Introduction

This stage covers all of the administrative procedures needed to implement and run a CPC programme from candidate registration to certification.

6.3 Candidate registration procedures

The integrity of the CPC scheme must be set from the point of initial candidate registration. There are two main aspects to candidate registration:

- procedures followed by the candidate;
- procedures followed by the training provider

6.3.1 Procedures followed by the candidate

Annex D2-2 to this blueprint contains a sample set of registration documentation to be completed by the candidate and forwarded to the training provider.

6.3.2 Procedures to be followed by the training provider

Annex D2-3 to this blueprint contains a sample set of documentation for candidate registration used by the training provider.

6.4 Security of Examination Papers

It is essential for the integrity of the complete CPC system that the best security procedures possible are followed concerning the examination papers. There are a number of aspects of this:

- preparation of question papers issuing of question papers use for mock examinations
security of answer papers

6.4.1 Preparation of Question Papers

Question papers in the form of 'personalised answer sheets' should be prepared in advance by the Examining body or their appointed agents. This preparation should be on secure computers with access strictly limited.

6.4.2 Issuing of Question Papers

The papers should be sent in a sealed 'Module Examination Envelope' to the Examination supervisors **in the necessary quantity** prior to the examination where they should be kept securely. Instructions for issuing the papers to the candidates are to be strictly followed and are described in annex **D2** to this blueprint (see 6.5 below).

6.4.3 Mock examination papers

Once a module examination has been administered, examined and the candidates informed of the results, those question papers may be used by the training providers as mock examinations.

6.4.4 Security of completed answer sheets

Full instructions for the handling of completed examination papers are contained in **Annex D2-4**.

It is essential that security and integrity of the examination papers and regime is apparent to all concerned.

6.5 Invigilation Procedures and establishing Examination Centres

It is important that all examinations are held under, as far as possible, the same conditions. It is particularly important that examination conditions allow the examination to take place in a secure fashion.

A full set of procedures for both local administrative secretaries and invigilators is shown in Annex **D** to this blueprint.

7 THE INAUGURAL CPC TRAINING PROGRAMME

7.1 Objective of the Stage

The objective of this stage is to carry out the inaugural CPC programme in each Republic in such a way that the Republic will be able to be 'free-standing' in its CPC training.

7.2 Introduction

The first course held in a Republic is always going to be a difficult one to administer because there are no precedents.

The course held in Tashkent as part of the pilot was an unquestionable success. However, an important element in that success was the fact that the overall programme had absolute and overt support at Ministerial level.

This meant that right from the start, the elements discussed in sections 4 and 5 were put into place and given some power. Without that full commitment, the programme would not have enjoyed the same success as the CPC programme would have been held in isolation.

The course in Tashkent enjoyed the full support of the International Road Transport Union in Geneva and a letter of endorsement from them is contained in **Annex D2-5** to this blueprint.

This section discusses the composition of the programme, its syllabus and the notes and support documents used.

7.3 Composition of the inaugural course

It is important that the inaugural CPC programme contains a representative cross-section of people involved in road freight transport. This is for a number of reasons:

- there needs to be full and meaningful discussion about the issues arising in the programme
- there needs to be a mixed audience to cover the interests of the regulators and trainers as well as the operators themselves
- a European expert will be giving the inaugural course but no subsequent courses so exposure should be maximised.

The total numbers for the group should not exceed 20 people. This becomes a manageable class for a single trainer and is small enough to build real rapport between trainer and students.

The group should comprise representatives from:

- The Ministry of Transport maximum 4 people comprising - regulators and at least one policy maker

- The Trade Association maximum 2 people including one person with responsibility for international affairs
- A Research Institute maximum 2 people with freight transport interest. This is important even if the Institute is not a training provider.
- Transport Operators maximum 6 comprising, where possible representatives from private as well as JS and state organisations. It may that this group can include people from 'own account' ministries.
- Prospective trainers maximum 6 comprising people who will be the front line trainers in the on-going CPC programme.

It is considered important that the latter group be exposed to a full CPC course prior to being trained on how to teach the programme. This is discussed further in section 7.8 below.

7.4 Support Booklet for course students

A document has been created which is given to the students before the programme. The booklet contains the following:

- Introduction.
- Objectives of the Programme.
- The target population for the Programme.
- Entry qualifications required for the Programme. The structure of the CPC scheme.
- The form of the examination.
- Dates and times of the examination.
- Procedures in the examination room.
- Entry regulations and fees.
- Certification.
- Guidance notes.
- Syllabus content.

The support booklet outlines a full CPC programme including detailed notes relating to international CPC and headings for national or domestic CPC's. The Republics are advised to fill in the detail for their national CPC's when the regulatory regime is in place to allow them to occur.

A full copy of the Student Support Booklet is contained in Chapter D2-6.

7.5 The CPC Course Programme

The inaugural CPC Programme will run for a total of 15 days, the final three days of which is devoted to the training of the trainers. A copy of the Programme applied in the Tashkent Pilot is contained in annex D2-7 to this blueprint.

The examination papers used for both mock and final examinations in the Tashkent Pilot are shown in **annex D2-8**.

7.6 National CPC Course notes - headings only

European countries have 'Access to the Profession' qualifications for both domestic transport within their own borders and international transport.

The contents of their domestic CPC course relate to various regulatory, legal and social issues pertaining to those specific countries. Central Asian Republics do not yet have the legal framework to allow those regulations to be in place (see **Chapter E2** of the Completion Report). Therefore there is no point in installing a domestic CPC course in the Republics until that is in place.

However, it is important that there is a high degree of correlation between the domestic and international CPC courses. In the UK for instance, the domestic CPC leads directly on to the international CPC. To this end, this blueprint contains the detailed section headings necessary for a domestic CPC and these can be completed at a later date once the legislation is available.

The set of detailed headings is contained in **Chapter A1 of this report**.

7.7 International CPC teaching notes

The full set of CPC teaching notes used in the Tashkent Pilot are contained in **Chapter D2-10** to this blueprint.

7.8 Training the trainers

The trainers who will carry out the front line training for the international CPC course all have to attend the full CPC course outlined in **Chapter D2-7**.

This is considered essential as the trainers will be far more effective as holders of the qualification than they would be as 'mere academics'. Also it is important that trainers who may only be teaching a part of the course are aware of the total course.

The trainers must not only attend the CPC training course but they must graduate successfully from that course before they are allowed on to the 'training the trainers section'.

The content of the final three days is shown in **Chapter D2-7** and culminates in the certification of the successful trainers.

8 THE BUSINESS PLAN FOR THE TRAINING PROVIDER

8.1 Objectives of the Stage

The Training provider should with the guidance of this stage be able to complete a Business, Marketing and Financial plan for the training establishment. The guidance notes will give the training provider the business plan contents requirements that would then be built on by the management of the organisation.

8.2 Introduction

A number of steps must be followed to compile a researched, feasible and credible Business Plan for an enterprise. It is essential that the enterprise management are fully involved in all stages of the creation of the plans and that they have full ownership and so control of the outputs of the business.

This stage follows accepted western planning techniques but also results in a series of Action Plans.

8.3 The Mission Statement

The mission statement represents a good entry point to the planning process and serves as a foundation on which the objectives of the business are based. This is an important part in the construction of a business plan and an ideal opportunity for the business to:

- look at the markets it is involved in and consider the direction that it wishes to go in; and
- when used as a management tool to keep the management focused on its objectives.

The mission statement does not have to be directly measurable but must be a clear statement of the direction that the company is aiming. An outline of the methods the company wishes to use to achieve the objectives this could include, how it wishes to treat customers and suppliers, environmental issues, employees etc. It should be limited to 30 words if possible and should be developed from a brainstorming session involving as many of the management team as possible, thus ensuring ownership.

The advisor should emphasise the concept of the company becoming market driven rather than concentrating on its resources.

8.4 The Marketing Plan

It should be made clear at the enterprise that the output for this stage will be a marketing action plan which will clearly identify a number of actions which will produce among other things:

- marketing literature
- promotional material
- existing and customer contact check list

- growth objectives

Before the action plan is completed it is necessary to establish what services the enterprise has to offer and to which customers in which markets these are to be offered. The following stages are based on the 'Business Management Manual' produced in both English and Russian for the seminars held in Almaty in June 1996. A full copy of the manual is contained in Chapter C.

8.4.1 Market Research

Market research is the systematic study of all aspects of the market in which the Training Institute is operating. For any Training Body the marketing research carried out will consist of four stages:

- Identification of services portfolio;
- Marketing segmentation;
- Customer analysis;
- Competitor analysis.

Each of these stages is now discussed in detail. Examples of the completed forms are shown in annex K.

(a) Identification of services Portfolio

This should contain a list of the services, either currently provided or, which the Training Institute realistically believes that they can supply in the future. It would be useful to make clear what services are currently offered and are expected/planned for the future.

(b) Market Segmentation

Use form 2.1 in annex L.

Instructions for carrying out the Market Segmentation are included in the Transportation Business Manual (Chapter M) and are not repeated here.

(c) Customer Segmentation

Each market segment identified above should be analysed according to the customers in it. It is unlikely that information will be available on 'size of business' so estimates should be made in an attempt to determine the relative size of opportunities.

(d) Competitor Analysis

Use form 2.3 in Chapter L

It is important that the Training Institute is aware of it's competition. In a new market as CPC training in Central Asia, it is worthwhile for the Institute to carryout regular competition surveys. This will allow the Institute to see new competitors who have entered the market and to see what new services these and existing competitors are offering.

8.4.2 SWOT Analysis

Once the Institute has studied the market and it's competitors the firm needs to understand it's self perception. The Strengths, Weaknesses, Opportunities and Threats, SWOT analysis should be carried out by the management team, who should agree the final analysis. SWOT analysis should be completed as a group activity, it should consider for the groups own

company the strengths, weaknesses, opportunities and threats within the market, a market segment or even in relation to a single competitor. Full instructions for completing a SWOT Analysis are given in the Transport Business Manual. Form 2.4 should be used and a copy is contained in annex L. A completed form for TADI is shown in annex K.

8.4.3 Marketing Mix

The Marketing Plan needs to determine the way in which the services portfolio is to be made available to the customer.

In development the marketing strategy the following THREE P's should be used for guidance:

- Product
- Price
- Promotion

(a) Product

This section should include an audit of services that are planned and a clear definition of what services are on offer. The promotional messages prepared below must contain a clear indication of services offered. What are the key differences of the Training providers services - these need to be identified and exploited for a price premium.

(b) Promotion

Advertising is not a one off. Those Training Providers with a high profile may achieve a premium price. A high profile in the market may also reduce price sensitivity within the Training market. Ultimately the Training Provider can gain 'quasi-monopoly' position by creating a highly differentiated product or service than on offer from its competitors.

(c) Price

Product, place and promotion should put your Training Provider's demand and cost functions into context. However, to complete the rest of the marketing plan the RFO Services must find a position in the market place through the pricing mechanism. Training Providers produce similar services but will price differently according to the perception of their services by the customer. If the perception of the service is that it is of high quality it can be sold at a high price. There is no point in selling a high quality product at a low quality price.

All the concepts discussed above develop a 'brand loyalty'. If this can be generated by a Training Provider it is less likely to face competition from cut-price competitors providing lower quality service. Hence, the integration of the three P's can:

- Reduce the price sensitivity of the service supplied by the Training Provider.
- Increase profit margins.

8.4.4 Marketing Action Plan

From the above analysis a set of objectives should be listed which should be delegated to staff members with an allocated budget (time or money). Each objective should then be monitored using a separate form that tracks when the objective started and finished, by whom it was completed, the budget spent and the actual task performed. This allows the management to identify which objectives were and were not met and who was responsible. To ensure success in the completion of objectives regular communications are required throughout the period that

the tasks are being performed, this will allow corrective action to be taken as early as possible so that the objectives are met.

8.5 Operations Plan

8.5.1 Introduction

Detailed plans for operations and finance will depend on the characteristics of the Training Provider:

- its size;
- its structure;
- the services portfolio;
- the accounting conventions of the Republic.

It is not possible to write a blueprint to cover all the detailed possibilities. However, following discussions with Central Asian Technical Institutes and training organisations, the following major issues emerged as needing assistance:

- organisation structure;
- Location;
- courses offered;
- facilities provided.

This section of the blueprint therefore concentrates on these issues.

Links with Governing bodies, examining bodies and transport operators refer to section 4 of this report.

8.5.2 Organisation Structure

To ensure that the Training Provider establishes and maintains a quality service the organisation structure must be established that allows this to happen. Once the structure is in place it must be adhered to this allows the chain of command to operate smoothly and so information flow will be kept at the required level. The structure that is put into place can be developed as experience is gained and developments occur, but the structure in place at the time must be adhered to.

8.5.3 Location

From experience gained in Central Asia it is expected that a Training provider will start training at one location. They may have more than one site but will be restricted to one city. The TADI Institute located in Tashkent is a good example of existing training providers that are located in the capital. TADI are now established as the only provider of CPC training in Uzbekistan, this causes the need for trainees to travel to and stay in Tashkent throughout any training course. This is undesirable for the following reasons:

- students needing to travel would incur the cost of accommodation and travel for the student;
- day release or weekend courses requiring regular travel would cause considerable cost and travelling time;
- employers may not finance student fees and time for courses;
- students may not be able to be a long distance from the company for extended periods of time.

- there would be a large number of regional operators without professional training (see below *).
- * Freight operating companies could become centred around the capital and reduce those located in the regions. In the long term this will reduce the income and development of the regions furthest away from the capital. This will be made worse by the tightening of legal requirements for CPC qualifications among Road Freight Operators.

Regional training centres are required as a medium to long term aim whether completed by a TADI or by a new supplier of training. In the UK there are hundreds of locations provided by training providers of the CPC qualification. Whoever the training provider is this should be regionally based to overcome the points stated above. The courses that have been run for CPC training by the European experts (firstly in Uzbekistan and in Kazakhstan in the addendum) showed the problems of holding the courses centrally with many of the students having to travel. Problems arose not only with students coming from other central Asian countries but also from within the same country. In the case of this project the travel and per diem expenses were reimbursed to the students, but even with this

8.5.4 Courses offered

The training provided by the European experts as part of this project is one method of holding the training course. All training providers should consider:

- Block courses, workday lecturing lasting 2 to 3 weeks. The quickest way to complete the training but requires time away from the students employer.
- Day release courses, one day per week for the required number of training days. Requires time away from the work place but minimises disruption to employers.
- Distance learning, study texts supplied to the students. Students spend minimal time in the training centre. Employers do not have to give students time off and the students can decide when they study.
- Evening classes, students coming to classes after normal working hours. Employers may be willing to fund the costs of training course but not time off work.

8.5.5 Facilities offered

Training providers that are operating in a competitive market must provide a quality of service that will have the following results:

- be attractive to students, thus bringing new students to be trained;
- provide the students with a good teaching and studying environment.

Thought must go into:

- presentation tools
- lighting
- study manuals provided
- decor
- seating and tables
- library facilities
- after lecture study areas
- refreshment facilities

These are important considerations as competition increases but should also be considered by the first training centres that are established.

ANNEXES

ANNEX D2-1
**European requirements for Access to the Profession of Road
Transport**

I

(Acts whose publication is obligatory)

COUNCIL DIRECTIVE 96/26/EC

of 29 April 1996

on admission to the occupation of road haulage operator and road passenger transport operator and mutual recognition of diplomas, certificates and other evidence of formal qualifications intended to facilitate for these operators the right to freedom of establishment in national and international transport operations

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 75 thereof,

Having regard to the proposal from the Commission⁽¹⁾,

Having regard to the opinion of the Economic and Social Committee⁽²⁾,

Acting in accordance with the procedure referred to in Article 189c of the Treaty⁽³⁾,

Whereas Council Directive 74/561/EEC of 12 November 1974 on admission to the occupation of road haulage operator in national and international transport operations⁽⁴⁾, Council Directive 74/562/EEC of 12 November 1974 on admission to the occupation of road passenger transport operator in national and international transport operations⁽⁵⁾ and Council Directive 77/796/EEC of 12 December 1977 aiming at the mutual recognition of diplomas, certificates and other evidence of formal qualifications for goods haulage operators and road passenger transport operators,

including measures intended to encourage these operators effectively to exercise their right to freedom of establishment⁽⁶⁾ have been substantially amended on a number of occasions; whereas, for reasons of rationality and clarity, the said Directives should be consolidated in a single text;

Whereas the organization of the transport market is one of the essential factors in the implementation of the common transport policy provided for in the Treaty;

Whereas the adoption of measures aimed at coordinating the conditions of admission to the occupations of road haulage or road passenger transport operators (hereinafter both referred to as 'road transport operator') is likely to favour effective exercise of the right of establishment of those operators;

Whereas it is necessary to provide for the introduction of common rules for admission to the occupation of road transport operator in national and international transport operations in order to ensure that such operators are better qualified, thus contributing to rationalization of the market, improvement in the quality of the service provided, in the interests of users, operators and the economy as a whole, and to greater road safety;

Whereas, therefore, the rules for admission to the occupation of road transport operator should cover the good repute, financial standing and professional competence of operators;

Whereas, however, it is not necessary to include in these common rules certain kinds of transport which are of limited economic importance;

Whereas, since 1 January 1993, access to the market of transfrontier road haulage transport operations has been

⁽¹⁾ OJ No C 286, 14. 11. 1990, p. 4 and amendment forwarded on 16 December 1993.

⁽²⁾ OJ No C 339, 31. 12. 1991, p. 5 and OJ No C 295, 22. 10. 1994, p. 30.

⁽³⁾ Opinion of the European Parliament of 13 December 1991 (OJ No C 13, 20. 1. 1992, p. 443) and of 20 April 1994 (OJ No C 128, 9. 5. 1994, p. 136), common position of the Council of 8 December 1995 (OJ No C 356, 30. 12. 1995) and Decision of the European Parliament of 28 March 1996 (not yet published in the Official Journal).

⁽⁴⁾ OJ No L 308, 19. 11. 1974, p. 18. Directive as last amended by Regulation (EEC) No 3572/90 (OJ No L 353, 17. 12. 1990, p. 12).

⁽⁵⁾ OJ No L 308, 19. 11. 1974, p. 23. Directive as last amended by Regulation (EEC) No 3572/90 (OJ No L 353, 17. 12. 1990, p. 12).

⁽⁶⁾ OJ No L 334, 24. 12. 1977, p. 37. Directive as last amended by Directive 89/438/EEC (OJ No L 212, 22. 7. 1989, p. 101) and corrigendum (OJ No L 298, 17. 10. 1989, p. 31).

governed by a system of Community licences issued on the basis of qualitative criteria;

Whereas, as regards the good-repute requirement, it is necessary, in order effectively to reorganize the market, to make admission to the pursuit of the occupation of road transport operator uniformly conditional on the applicant having no convictions for serious criminal offences, including offences of a commercial nature, not having been declared unfit to pursue the occupation and on compliance with the regulations applicable to the occupation of road transport operator;

Whereas, as regards the requirement of appropriate financial standing, it is necessary, in particular in order to ensure the equal treatment of undertakings in the various Member States, to lay down certain criteria which road transport operators must satisfy;

Whereas, in respect of good repute and financial standing, it would be appropriate to acknowledge relevant documents issued by a competent authority in the road transport operator's country of origin or the country whence he comes as sufficient proof for admission to the activities concerned in a host Member State;

Whereas, as regards the requirement of professional competence, it is advisable to stipulate that the applicant road transport operator demonstrate such competence by passing a written examination but that Member States may exempt the applicant from such an examination if he provides proof of sufficient practical experience;

Whereas, in respect of professional competence, the certificates issued pursuant to the Community provisions on admission to the occupation of road transport operator must be recognized as sufficient proof by the host Member State;

Whereas provisions should be made for a system of mutual assistance between Member States for the purpose of applying this Directive;

Whereas this Directive must not affect the obligations of the Member States concerning the deadlines for implementation or application of the Directives set out in Annex II, part B,

HAS ADOPTED THIS DIRECTIVE:

TITLE I

Admission to the occupation of road transport operator

Article 1

1. Admission to the occupations of road haulage operator or road passenger transport operator shall be

governed by the provisions adopted by the Member States in accordance with the common rules contained in this Directive.

2. For the purposes of this Directive:

- 'the occupation of road haulage operator' shall mean the activity of any undertaking transporting goods for hire or reward by means of either a self-contained motor vehicle or a combination of coupled vehicles,
- 'the occupation of road passenger transport operator' shall mean the activity of any undertaking operating by means of motor vehicles so constructed and equipped as to be suitable for carrying more than nine persons — including the driver — and intended for that purpose, passenger transport services for the public or for specific categories of users against payment by the person transported or by the transport organizer,
- 'undertaking' shall mean any natural person, any legal person, whether profit-making or not, any association or group of persons without legal personality whether profit-making or not, or any official body, whether having its own legal personality or being dependent upon an authority having such personality.

Article 2

1. This Directive shall not apply to undertaking engaged in the occupation of road haulage operator by means of vehicles the permissible payload of which does not exceed 3,5 tonnes or the permissible total laden weight of which does not exceed 6 tonnes. Member States may, however, lower the said limits for all or some categories of transport operations.

2. Member States may, after consulting the Commission, exempt from the application of all or some of the provisions of this Directive road haulage undertakings engaged exclusively in national transport operations having only a minor impact on the transport market because of:

- the nature of the goods carried, or
- the short distance involved.

In the event of unforeseen circumstances, Member State may grant a temporary exemption pending completion of the consultations with the Commission.

3. Member States may, after consulting the Commission, exempt from the application of all or some of the provisions of this Directive undertakings engaged exclusively in certain road passenger transport service

for non-commercial purposes or having a main occupation other than that of road passenger transport operator, in so far as their transport operations have only a minor impact on the transport market.

Article 3

1. Undertakings wishing to engage in the occupation of road transport operator shall:

- (a) be of good repute;
- (b) be of appropriate financial standing;
- (c) satisfy the condition as to professional competence.

Where the applicant is a natural person and does not satisfy requirement (c), the competent authorities may nevertheless permit him to engage in the occupation of road transport operator provided that he designates to the said authorities another person, satisfying requirements (a) and (c), who shall continuously and effectively manage the transport operations of the undertaking.

Where the applicant is not a natural person:

- requirement (a) must be satisfied by the person or persons who will continuously and effectively manage the transport operations of the undertaking. Member States may require that other persons in the undertaking also satisfy this requirement,
- requirement (c) must be satisfied by the person or persons referred to in the first indent.

2. Member States shall determine the conditions which must be fulfilled by undertakings established within their territory in order to satisfy the good-repute requirement.

They shall provide that this requirement is not satisfied, or is no longer satisfied, if the natural person or persons who are deemed to satisfy this condition under paragraph 1:

- (a) have been convicted of serious criminal offences, including offences of a commercial nature,
- (b) have been declared unfit to pursue the occupation of road transport operator under any rules in force,
- (c) have been convicted of serious, repeated offences against the rules in force concerning:

- the pay and employment conditions in the profession, or
- road haulage or road passenger transport, as appropriate, in particular the rules relating to drivers' driving and rest periods, the weights and dimensions of commercial vehicles, road safety and vehicle safety.

In the cases referred to under (a), (b) and (c), the good-repute requirement shall remain unsatisfied until rehabilitation or any other measure having an equivalent effect has taken place, pursuant to the existing relevant national provisions.

3. (a) Appropriate financial standing shall consist in having available sufficient resources to ensure proper launching and proper administration of the undertaking.

(b) For the purposes of assessing financial standing, the competent authority shall have regard to: annual accounts of the undertaking, if any; funds available, including cash at bank, overdraft and loan facilities; any assets, including property, which are available to provide security for the undertaking; costs, including purchase cost or initial payment for vehicles, premises, plant and equipment, and working capital.

(c) The undertaking must have available capital and reserves of at least:

- ECU 3 000 per vehicle used or
- ECU 150 per tonne of the maximum authorized weight of the road haulage vehicles used by the undertaking, or
- ECU 150 per seat of the passenger transport vehicles used by the undertaking,

whichever is the lower.

Member States may derogate from the first subparagraph in the case of transport undertakings which pursue their activities exclusively on the national market.

(d) For the purposes of points (a), (b) and (c), the competent authority may accept as evidence of financial standing confirmation or assurance given by a bank or other suitably qualified establishment. Such confirmation or assurance may be given in the form of a bank guarantee or by any other similar means.

(e) Points (b), (c) and (d) shall apply only to undertakings authorized in a Member State, as from 1 January 1990, under national rules, to engage in the activities of road transport operator.

4. The condition relating to professional competence shall consist in the possession of skills demonstrated by passing a written examination, which may take the form of a multiple-choice examination, organized by the authority or body designated for this purpose by each Member State in the subjects listed in Annex I.

Member States may exempt from examination applicant road transport operators who provide proof of at least five years' practical experience in a transport undertaking at management level.

Member States may exempt the holders of certain advanced diplomas or technical diplomas which provide proof of a sound knowledge of the subjects listed in Annex I to be defined by them from sitting an examination in the subjects covered by the diplomas.

A certificate issued by the authority or body referred to in the first subparagraph must be produced as proof of professional competence.

Article 4

Member States shall determine the circumstances in which a road transport undertaking may, notwithstanding Article 3 (1), be operated on a temporary basis for a maximum period of one year, with extension for a maximum period of six months, in duly justified special cases, in the event of the death or physical or legal incapacity of the natural person engaged in the occupation of road transport operator or of the natural person who satisfies the requirements of Article 3 (1) (a) and (c).

The competent authorities in the Member States may, by way of exception and in certain special cases, definitively authorize a person not fulfilling the requirement of professional competence referred to in Article 3 (1) (c) to operate the transport undertaking provided that such person possesses at least three years' practical experience in the day-to-day management of the undertaking.

Article 5

1. Undertakings furnishing proof that before:

- 1 January 1978 for Belgium, Denmark, Germany, France, Ireland, Italy, Luxembourg, Netherlands and the United Kingdom,
- 1 January 1984 for Greece,

— 1 January 1986 for Spain and Portugal,

— 3 October 1989 for the territory of the former German Democratic Republic,

they were authorized under national rules in a Member State to engage in the occupation of either road haulage or road passenger transport operator, as appropriate, in national and/or international road transport operator shall be exempt from the requirement to furnish proof that they satisfy the provisions of Article 3.

2. However, those natural persons who:

— after 31 December 1974 and before 1 January 1978 for Belgium, Denmark, Germany, France, Ireland, Italy, Luxembourg, the Netherlands and the United Kingdom,

— after 31 December 1980 and before 1 January 1984 for Greece,

— after 31 December 1982 and before 1 January 1986 for Spain and Portugal,

— after 2 October 1989 and before 1 January 1992 for the territory of the former German Democratic Republic,

were:

— authorized to engage in the occupation of either road haulage or road passenger transport operator, as appropriate, without having furnished proof, under national regulations, of their professional competence or

— designated effectively and continuously to manage the transport operations of the undertaking,

must have satisfied the condition of professional competence referred to in Article 3 (4) before:

— 1 January 1980 for Belgium, Denmark, Germany, France, Ireland, Italy, Luxembourg, the Netherlands and the United Kingdom,

— 1 January 1986 for Greece,

— 1 January 1988 for Spain and Portugal,

— 1 July 1992 for the territory of the former German Democratic Republic.

The same requirement shall apply in the case referred to in the third subparagraph of Article 3 (1).

Article 6

1. Decisions taken by the competent authorities of the Member States pursuant to the measures adopted on the basis of this Directive and entailing the rejection of :

application for admission to the occupation of road transport operator shall state the grounds on which they are based.

2. Member States shall see to it that the competent authorities withdraw the authorization to pursue the occupation of road transport operator if they establish that the conditions of Article 3 (1) (a), (b) or (c) are no longer satisfied. In this case, however, they shall allow sufficient time for a substitute to be appointed.

3. With regard to the decisions referred to in paragraphs 1 and 2, Member States shall see to it that the undertakings covered by this Directive are able to defend their interests by appropriate means.

Article 7

1. Where serious offences or minor, repeated offences against the rules governing either road haulage or road passenger transport, as appropriate, have been committed by non-resident road transport operators and might lead to withdrawal of the authorization to practise as a road transport operator, the Member States shall provide the Member State in which such a road transport operator is established with all the information in their possession concerning those offences and the penalties they have imposed.

2. If a Member State withdraws the authorization to practise as a road transport operator in international transport operations, it shall inform the Commission, which shall pass the necessary information to the Member States concerned.

3. Member States shall afford each other mutual assistance for the purpose of applying this Directive.

TITLE II

Mutual recognition of diplomas, certificates and other evidence of formal qualifications

Article 8

1. Member States shall, in respect of the activities referred to in this Directive, take the measures defined in this Directive concerning the establishment in their territories of the natural persons and undertakings referred to in Title I of the general programme for the abolition of restrictions on freedom of establishment⁽¹⁾.

2. Without prejudice to paragraphs 3 and 4, a host Member State shall, for the purpose of admission to the

occupation of road transport operator, accept as sufficient proof of good repute or of no previous bankruptcy an extract from a judicial record, or failing that, an equivalent document issued by a competent judicial or administrative authority in the road transport operator's country of origin or the country whence he comes, showing that these requirements have been met.

3. Where the host Member State imposes on its own nationals certain requirements as to good repute and proof that such requirements are satisfied cannot be obtained from the document referred to in paragraph 2, that State shall accept as sufficient evidence in respect of nationals of other Member States a certificate issued by a competent judicial or administrative authority in the country of origin or in the country whence the foreign national comes stating that the requirements in question have been met. Such certificates shall relate to the specific facts regarded as relevant by the host country.

4. Where the country of origin or country whence the foreign national comes does not issue the document required in accordance with paragraphs 2 and 3, such document may be replaced by a declaration on oath or by a solemn declaration made by the person concerned before a competent judicial or administrative authority or, where appropriate, a notary in that person's country of origin or the country whence he comes; such authority or notary shall issue a certificate attesting the authenticity of the declaration on oath or solemn declaration. The declaration in respect of no previous bankruptcy may also be made before a competent professional body in the same country.

5. Documents issued in accordance with paragraphs 2 and 3 shall not be accepted if produced more than three months after their date of issue. This condition shall apply also to declarations made in accordance with paragraph 4.

Article 9

1. Where in a host Member State a certificate is required as proof of financial standing, that State shall regard corresponding certificates issued by banks in the country of origin or in the country whence the foreign national comes or by other financial bodies designated by that country, as equivalent to certificates issued in its own territory.

2. Where a Member State imposes on its own nationals certain requirements as to financial standing and where proof that such requirements are satisfied cannot be obtained from the document referred to in paragraph 1, that State shall accept as sufficient evidence, in respect of nationals of other Member States, a certificate issued by a competent administrative authority in the country of origin or in the country whence the foreign national comes, stating that the requirements in question have been met. Such certificate shall relate to the specific facts regarded as relevant by the host country.

⁽¹⁾ OJ No 2, 15. 1. 1962, p. 36/62.

Article 10

1. As from 1 January 1990, Member States shall recognize as sufficient proof of professional competence certificates as referred to in the fourth subparagraph of Article 3 (4) which are issued by another Member State.

2. With regard to undertakings authorized in Greece, before 1 January 1981, or, in the other Member States, before 1 January 1975, under national rules, to engage in the occupation of road haulage operator or road passenger transport operator in national and/or international road transport and in so far as the undertakings concerned are companies or firms within the meaning of Article 58 of the Treaty, Member States shall accept as sufficient proof of professional competence certificates stating that the activity concerned has actually been carried on in a Member State for a period of three years. This activity must not have ceased more than five years before the date of submission of the certificate.

In the case of a legal person, the certificate stating that the activity has actually been carried on shall be issued in respect of one of the natural persons actually in charge of the transport activities of the undertaking.

3. The certificates issued to road transport operators before 1 January 1990 as proof of their professional competence pursuant to the provisions in force until that date shall be deemed equivalent to the certificates issued pursuant to the provisions of this Directive.

TITLE III

Final provisions

Article 11

Member States shall designate the authorities and bodies competent to issue the documents referred to in Article 8 (2) and in Article 9 and the certificate referred to in Article 10 (2). They shall immediately inform the other Member States and the Commission thereof.

Article 12

Articles 8 to 11 shall also apply to nationals of member States who, pursuant to Council Regulation (EEC) No 1612/68 of 15 October 1968 on freedom of movement for workers within the Community⁽¹⁾, carry on the activities of road haulage or road passenger transport operator in the capacity of employees.

Article 13

1. Member States shall take the measures necessary to comply with the provisions of this Directive, no later than the dates listed in Annex II, part B, after consulting the Commission.

2. Member States shall communicate to the Commission the text of the provisions of national law which they adopt in the field covered by this Directive.

Article 14

The Directives listed in Annex II, part A, are hereby repealed, without prejudice to the obligations of the Member States regarding the time limits for implementation or application set out in Annex II, part B.

References to the repealed Directives shall be construed as references to this Directive and shall be read in accordance with the correlation table set out in Annex III.

Article 15

This Directive is addressed to the Member States.

Done at Luxembourg, 29 April 1996.

For the Council
The President
W. LUCHETTI

⁽¹⁾ OJ No L 257, 19. 10. 1968, p. 2. Regulation as last amended by Regulation (EEC) No 2434/92 (OJ No L 245, 26. 8. 1992, p. 1).

ANNEX I

LIST OF SUBJECTS REFERRED TO IN ARTICLE 3 (4)

The knowledge to be taken into consideration for the official recognition of professional competence must cover at least the subjects listed below. These must be described in full detail and have been worked out or approved by the competent national authorities. They must be so designed as to be within the grasp of those persons whose education corresponds to the level normally reached at school-leaving age.

A. SUBJECTS OF WHICH KNOWLEDGE IS REQUIRED FOR ROAD TRANSPORT OPERATORS INTENDING TO ENGAGE EXCLUSIVELY IN NATIONAL TRANSPORT OPERATIONS

Law

Elements of civil, commercial, social and fiscal law, as necessary for engaging in the occupation, with particular emphasis on:

- general contracts;
- transport contracts, with particular reference to the responsibility of the haulage operator (nature and limits);
- commercial companies;
- ledgers;
- rules governing labour, social security;
- taxation systems.

1. Road haulage operator

(a) *Business and financial management of an undertaking*

- methods of payment and financing;
- costing;
- pricing and haulage terms;
- business accounts;
- insurance;
- invoicing;
- transport agents;
- management techniques;
- marketing.

(b) *Access to the market*

- provisions relating to the taking up and pursuit of the occupation;
- transport documents.

(c) *Technical standards and aspects of operation*

- weight and dimensions of vehicles;
- vehicle selection;
- type-approval and registration;
- vehicle maintenance standards;
- loading and unloading of vehicles;
- carriage of dangerous goods;
- carriage of foodstuffs;
- the relevant environmental protection concepts with reference to the use and maintenance of motor vehicles.

(d) *Road safety*

- laws, regulations and administrative provisions applicable to traffic;
- traffic safety;
- accident prevention and procedure in the event of an accident.

2. Road passenger transport operator

(a) *business and financial management of an undertaking*

- methods of payment and financing;
- costing;
- system of fares, prices and conditions of transport;
- business accounts;
- insurance;
- invoices;
- travel agencies;
- management techniques;
- marketing.

(b) *Regulation of road passenger services*

- institution of transport services and transport plans;
- conditions of fulfilment of passenger services;
- provisions relating to admission to, and pursuit of, the occupation;
- transport documents.

(c) *Technical standards and aspects of operation*

- vehicle selection;
- type-approval and registration;
- vehicle maintenance standards;
- the relevant environmental protection concepts with reference to the use and maintenance of motor vehicles.

(d) *Road safety*

- laws, regulations and administrative provisions applicable to traffic;
- traffic safety;
- geographical knowledge of routes;
- accident prevention and procedure in the event of an accident.

B. SUBJECTS OF WHICH KNOWLEDGE IS REQUIRED FOR ROAD TRANSPORT OPERATORS INTENDING TO ENGAGE IN INTERNATIONAL TRANSPORT**Law**

- subjects listed under A as appropriate;
- provisions applicable either to the transport of goods or of passengers by road, as appropriate, between Member States and between the Community and non-member countries, arising out of national laws, Community standards, international conventions and agreements;
- customs practices and other formalities related to transport controls;
- main traffic regulations in the Member States.

ANNEX II

PART A

REPEALED DIRECTIVES

(referred to in Article 14)

— Directive 74/561/EEC

— Directive 74/562/EEC

— Directive 77/796/EEC

and their successive amendments:

— Directive 80/1178/EEC

— Directive 80/1179/EEC

— Directive 80/1180/EEC

— Directive 85/578/EEC

— Directive 85/579/EEC

— Directive 89/438/EEC

— Regulation (EEC) No 3572/90: only Articles 1 and 2

PART B

<i>Directive</i>	<i>Deadline for implementation or application</i>
74/561/EEC (OJ No L 308, 19. 11. 1974, p. 18)	1 January 1977 1 January 1978
80/1178/EEC (OJ No L 350, 23. 12. 1980, p. 41)	1 January 1981
85/578/EEC (OJ No L 372, 31. 12. 1985, p. 34)	1 January 1986
89/438/EEC (OJ No L 212, 22. 7. 1989, p. 101)	1 January 1990
74/562/EEC (OJ No L 308, 19. 11. 1974, p. 23)	1 January 1977 1 January 1978
80/1179/EEC (OJ No L 350, 23. 12. 1980, p. 42)	1 January 1981
85/579/EEC (OJ No L 372, 31. 12. 1985, p. 35)	1 January 1986
89/438/EEC (OJ No L 212, 22. 7. 1989, p. 101)	1 January 1990
77/796/EEC (OJ No L 334, 24. 12. 1977, p. 37)	1 January 1979
80/1180/EEC (OJ No L 350, 23. 12. 1980, p. 43)	1 January 1981
89/438/EEC (OJ No L 212, 22. 7. 1989, p. 101)	1 January 1990

ANNEX III

CORRELATION TABLE

Directive 74/561/EEC	Directive 74/562/EEC	Directive 89/438/EEC	Directive 77/796/EEC	This Directive
Article 1 (1)	Article 1 (1)			Article 1 (1)
Article 1 (2) first indent	—			Article 1 (2) first indent
—	Article 1 (2) first indent			Article 1 (2) second indent
Article 1 (2) second indent	Article 1 (2) second indent			Article 1 (2) third indent
Article 2 (1), (2)	—			Article 2 (1), (2)
—	Article 1 (3)			Article 2 (3)
Article 3	Article 2			Article 3
Article 4	Article 3			Article 4
Article 5	Article 4			Article 5
Article 6	Article 5			Article 6
Article 6a	Article 5a			Article 7
Article 7	Article 6			—
—	—		Article 1 (1)	Article 8 (1)
—	—		Article 3	Article 8 (2)
—	—		Article 4	Article 9
—	—		Article 5 (1)	Article 10 (1)
—	—		Article 5 (2)	Article 10 (2)
—	—	Article 4	Article 6	Article 10 (3)
—	—		Article 1 (2)	Article 11
—	—	Article 5		Article 12
—	—			Article 13
—	—			Article 14
Article 8	Article 7			Article 15
Annex point A. 1	Annex point A. 1			Annex I point A (Law)
Annex point A. 2, 3, 4, 5	—			Annex I point A. 1 (a), (b), (c), (d)
—	Annex point A. 2, 3, 4, 5			Annex I point A. 2 (a), (b), (c), (d)
Annex point B	Annex point B			Annex I point B
—	—	—	—	Annex II Part A
—	—	—	—	Annex II Part B
—	—	—	—	Annex III

ANNEX D2-2
Registration procedures - Candidate

SAMPLE OF A REGISTRATION DOCUMENT

TO BE COMPLETED BY THE CANDIDATE

AND SENT TO THE ORGANISATION

PROVIDING TUITION

REGISTRATION FOR CPC EXAMINATION

Attached are the following forms:

- a List of venues at which you can sit the examination.
- b Examining body Candidate Identification Document
- c Exam registration form.

HOW TO COMPLETE THE REGISTRATION FORM

The CPC examination is set by the examining body, not by the organisation that provides the tuition. It is essential, therefore, that your name and choice of venue are registered with the examining body. The closing date for this is immediately after the return date on the registration form. Once this date has passed it will be impossible for you to be registered to take the examination. It is your responsibility to make sure that the registration form is returned.

- a Tick the relevant boxes for the modules that you intend to sit. If you are taking the examination for the first time or resitting all modules tick A, B and C. If you are resitting only one part of the examination tick the relevant box.
- b Sign the form with your usual signature.
- c PRINT your full name and address and telephone numbers. This information is used to confirm details of the examination venue and the notification of your result to you. Complete your date of birth and sex.
- d Select your choice of venue from the attached list and add this to the form.
- e Complete the date for the examination.
- f Return the form to the appropriate address **NO LATER THAN THE STAMPED DATE.**

HOW TO COMPLETE THE IDENTIFICATION DOCUMENT

The identification document should be completed as follows:

- a Obtain a passport sized photograph
- b Complete part I with your name and address
- c Sign part II
- d Part III should be completed by either a professional person as defined on the form or by a member of the examination centre staff who must see your full, current passport on the day of the examination.

The Identification Document should be retained by yourself until the day of the examination. It must be produced at the examination for verification. Failure to produce it will prevent you from sitting the examination.

EXAMINATION
FOR THE CERTIFICATE OF PROFESSIONAL COMPETENCE
IN NATIONAL & INTERNATIONAL ROAD TRANSPORT OPERATIONS

Details are shown below of centres established for students wishing to take the above examination. Students are asked to select the centre of their choice and complete the attached form.

Suitable Centres

would be

listed here

THE EXAM REGISTRATION FORMS MUST BE RETURNED WITHOUT FAIL.

THE CERTIFICATE OF PROFESSIONAL COMPETENCE
IN NATIONAL & INTERNATIONAL ROAD
TRANSPORT OPERATIONS

TO BE COMPLETED IN BLOCK CAPITALS

PLEASE RETURN PROMPTLY

I wish to be entered as a candidate for Module A.....

Module B.....

(Tick as appropriate)

Module C.....

Signed

Full Names

Date of Birth Sex (M or F)

Address for further communications

.....

.....

Post Code

Tel. No. Home:

Work:

Examination Centre

.....

.....

Examination Date:

NOTE: This form should be returned by *(date to be inserted here)*

*(Address where the form should be
returned to be inserted here).*

ANNEX D2-3
Registration Procedures - Training Provider

**SAMPLE OF DOCUMENTATION FOR
CANDIDATE REGISTRATION USED BY THE
TRAINING PROVIDER**

ADMINISTRATION INSTRUCTIONS

CANDIDATE LIST - EXAMPLE SHEET

Please find below examples that may assist you when completing the attached form

a) Example 1 - A first time entry

Candidate Joan Smith wishes to enter for modules A and C:

Please indicate module to be taken with a tick (✓)

CANDIDATE NUMBER	SURNAME	FORENAME	OTHER INITIALS	DATE OF BIRTH dd mm yy	SEX M/F	A	B	C
						CORE	NATIONAL FREIGHT	INTERNATIONAL FREIGHT
001	SMITH	JOAN	B	15 12 48	M	✓		✓

b) Example 2 - An amendment to candidate details

Correction of candidate name from Joan to John:

Please indicate module to be taken with a tick (✓)

CANDIDATE NUMBER	SURNAME	FORENAME	OTHER INITIALS	DATE OF BIRTH dd mm yy	SEX M/F	A	B	C
						CORE	NATIONAL FREIGHT	INTERNATIONAL FREIGHT
001	SMITH	JOHN	B	15 12 48	M	✓		✓

c) Example 3 - Change of modules

Candidate wishes to change from modules A and C to modules A and B:

Please note that the amended entry will completely replace the original submission, for example modules A and C will be replaced by modules A and B. Centres will only receive examination material for the modules requested on the last submission.

Please indicate module to be taken with a tick (✓)

CANDIDATE NUMBER	SURNAME	FORENAME	OTHER INITIALS	DATE OF BIRTH dd mm yy	SEX M/F	A	B	C
						CORE	NATIONAL FREIGHT	INTERNATIONAL FREIGHT
001	SMITH	JOHN	B	15 12 48	M	✓	✓	

PLEASE TURN OVER

SAMPLE OF A REGISTRATION DOCUMENT

TO BE COMPLETED BY THE CANDIDATE

AND SENT TO THE ORGANISATION

PROVIDING TUITION

REGISTRATION FOR CPC EXAMINATION

Attached are the following forms:

- a List of venues at which you can sit the examination.
- b Examining body Candidate Identification Document
- c Exam registration form.

HOW TO COMPLETE THE REGISTRATION FORM

The CPC examination is set by the examining body, not by the organisation that provides the tuition. It is essential, therefore, that your name and choice of venue are registered with the examining body. The closing date for this is immediately after the return date on the registration form. Once this date has passed it will be impossible for you to be registered to take the examination. It is your responsibility to make sure that the registration form is returned.

- a Tick the relevant boxes for the modules that you intend to sit. If you are taking the examination for the first time or resitting all modules tick A, B and C. If you are resitting only one part of the examination tick the relevant box.
- b Sign the form with your usual signature.
- c **PRINT** your full name and address and telephone numbers. This information is used to confirm details of the examination venue and the notification of your result to you. Complete your date of birth and sex.
- d Select your choice of venue from the attached list and add this to the form.
- e Complete the date for the examination.
- f Return the form to the appropriate address **NO LATER THAN THE STAMPED DATE.**

HOW TO COMPLETE THE IDENTIFICATION DOCUMENT

The identification document should be completed as follows:

- a Obtain a passport sized photograph
- b Complete part I with your name and address
- c Sign part II
- d Part III should be completed by either a professional person as defined on the form or by a member of the examination centre staff who must see your full, current passport on the day of the examination.

The Identification Document should be retained by yourself until the day of the examination. It must be produced at the examination for verification. Failure to produce it will prevent you from sitting the examination.

EXAMINATION
FOR THE CERTIFICATE OF PROFESSIONAL COMPETENCE
IN NATIONAL & INTERNATIONAL ROAD TRANSPORT OPERATIONS

Details are shown below of centres established for students wishing to take the above examination. Students are asked to select the centre of their choice and complete the attached form.

Suitable Centres

would be

listed here

THE EXAM REGISTRATION FORMS MUST BE RETURNED WITHOUT FAIL.

THE CERTIFICATE OF PROFESSIONAL COMPETENCE
IN NATIONAL & INTERNATIONAL ROAD
TRANSPORT OPERATIONS

TO BE COMPLETED IN BLOCK CAPITALS

PLEASE RETURN PROMPTLY

I wish to be entered as a candidate for Module A.....

Module B.....

(Tick as appropriate) Module C.....

Signed

Full Names

Date of Birth Sex (M or F)

Address for further communications

.....

.....

Post Code

Tel. No. Home:

Work:

Examination Centre

.....

.....

Examination Date:

NOTE: This form should be returned by (date to be inserted here)

(Address where the form should be returned to be inserted here).

CONFIDENTIAL WHEN COMPLETED
(Centres are to retain for one year)

CERTIFICATE OF PROFESSIONAL COMPETENCE IN ROAD TRANSPORT

CANDIDATE IDENTIFICATION FORM

PART I (to be completed by candidate)

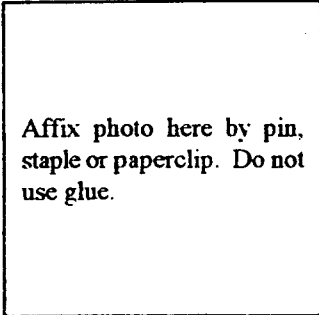
Mr/Mrs/Miss/Ms Surname

First Name(s):

Date of Birth:

Address:

.....



NB: The reverse of the photograph must be signed by the person signing the declaration in Part III

PART II (declaration by the candidate)

I confirm that the photograph affixed above is a true likeness of myself and that I am the person referred to in this document.

Signature of Candidate Date

PART III

***Either* a declaration by a member of the centre staff who *must* see the candidate's **FULL** passport and write in its number below.**

***Or* a declaration by a JP, Police Officer, Minister of the Church, Family Doctor, Senior Public Servant or Professional Person who *must* state the number of years he/she has known the candidate.**

I declare that the photograph signed by me and affixed above is a true likeness of the person described in Part I.

Complete: **Either** FULL Passport Number/Armed Forces/Police Force ID

Card Number

OR No. of years I have known the candidate

Signature: Date:

Name:
(in block letters)

Status

Address

.....



ANNEX D2-4
Invigilation and Administration Procedures

SAMPLE OF RULES FOR

LOCAL SECRETARIES AND INVIGILATORS

INCLUDING APPROPRIATE CERTIFICATION

DOCUMENTATION

- 1.5 The Local Secretary is responsible for ensuring that all Invigilators receive a copy of these instructions and a copy of the Candidate Registration Form prior to the examination.
- 1.6 Not later than 30 minutes before the start of the each Module examination the Local Secretary is **personally responsible** for handing over to the appointed Invigilator(s):
- the sealed Module Examination Envelope(s) containing the Module question papers, answer sheets and Candidate Listing Sheet;
 - the Instructions and Guidance for Local Secretaries and Invigilators;
 - the Answer Sheet Security Return Envelopes supplied for each Module.
- 1.7 All premises used for the examination must be open to inspection by the examining body. Inspectors appointed by the examining body may visit examination centres, without prior notice, before the scheduled examination time, or at any time when examinations are in progress. They will identify themselves on arrival, by presenting a letter from the examining body for this purpose, and will first ask to see the person in charge.
- 1.8 During the visit, the Inspector must be given free but unobtrusive access to the rooms where the examinations are being held.
- 1.9 Following each Module examination the Invigilator(s) must collect the **question papers and answer sheets** from the candidates. The Invigilator(s) must **immediately seal the answer sheets**, together with the **invigilation certificate(s)** in the **Answer Sheet Security Return Envelope(s)** provided (i.e. 1 packet per 80 answer sheets). All of the question papers and Answer Sheet Security Return Envelope(s) must be securely packaged for return to the examining body.
- 1.10 On completion of the final Module examination the **Answer Sheet Security Return Envelopes** from each of the Modules, together with any unused security envelopes, must be **posted to the examining body on the day of the examination**. In the best interests of candidates, it is advised that the packets should be returned by 'registered post' or 'recorded delivery'. If the question papers are returned to the examining body under separate cover to the answer sheets, the package(s) must contain some indication of which centre they are from.
- 1.11 The examining body reserve the right to:
- disqualify candidates if breaches of its regulations could permit collusion;
 - cease to trade with any customer where it is considered there has been a failure to maintain the company's published standards, improper conduct or for any other reason. The company is not obliged to divulge to the customer the reason for taking such action.

2 Regulations and Instructions for Invigilators

The Invigilator must conduct the examinations in accordance with the arrangements set out below:

- 2.1 Invigilators must familiarise themselves with the procedures, starting times, etc as contained in these instructions.
- 2.2 The Invigilator must arrive at least 30 minutes before the start of the examination.
- 2.3 For each Module, the Invigilator must be given:
 - the sealed Module Examination Envelopes containing the Module question papers, the personalised candidate answer sheets, and a Candidate Listing Sheet;
 - the Instructions and Guidance for Local Secretaries and Invigilators
 - Candidate Registration Form(s)
 - the Answer Sheet Security Return Envelope(s).
- 2.4 The Invigilator must check completed candidate identification forms for all the candidates present and be satisfied that the person sitting the examination is the bona fide candidate. These identification forms must be made available to the examining body Inspectors.
- 2.5 Candidates must not be allowed to take, or be issued with scribbling paper or anything else which might be passed from one candidate to another, into the examination room.
- 2.6 Candidates are allowed to use non-programmable calculators during the examination. Such calculators must be noiseless and not require mains operation.
- 2.7 Candidates must be seated at least 1.5 metres apart, reckoning from the centre of each seat.
- 2.8 Candidates may be admitted late to any of the examinations at the discretion of the Invigilator(s). No extra time can be allowed for late arrival at an examination. Candidates may not leave the examination room until the finishing time stated on the front of the question paper.
- 2.9 Before the start of each Module examination, the Invigilator must open the sealed Module examination pack and **distribute the candidate's personalised answer sheet to the correct candidate.**

- 2.10 At the appropriate point, as indicated in the 'Regulations To Be Read to Candidates', a question paper for that Module must be placed in front of each candidate, with the instruction that **the candidate must not open the booklet until instructed to do so.**
- 2.11 The Invigilator must read aloud the 'Regulations to Candidates', which are attached to this document. Late candidates can be given a copy of the Regulations to read.
- 2.12 The Invigilator must instruct candidates to:
- check that their name and date of birth have been correctly pre-entered onto the answer sheet by the examining body. If they have **not**, the candidate must **make the appropriate corrections** in the space provided under the pre-entered details. **This space may not be used to substitute candidates who have not been registered for this Module;**
 - read the front page of the question paper;
 - check the question paper carefully before starting, to ensure that it is clearly printed and complete.
- 2.13 The Invigilator must take all possible steps, including giving assistance, to ensure that the candidates correctly confirm or amend the pre-entered details. Any errors could delay the production of results.
- 2.14 At the time stated on the front of the question paper, candidates must be told to open the question paper and start working. **No variation to this time is allowed.**
- 2.15 During the examination, Invigilators must see that the Regulations are duly observed. They must avoid disturbing or embarrassing the candidates, either by moving about needlessly, looking over their shoulders whilst they are at work, talking to them collectively or individually, or otherwise.
- 2.16 At the exact time for the end of each Module examination the Invigilator must stop the candidates working and collect all question papers and answer sheets. **No variation to this time is allowed.** Any answer sheet not handed in at the close of the examination cannot be accepted later.
- 2.17 Any breach of these Regulations, or the use of unfair means, must be reported to the examining body by the Invigilator, either on the Invigilator's Certificate or on any accompanying note.
- 2.18 The Invigilator must **mark the appropriate box** at the bottom of any **absent** candidate's answer sheet, to indicate that they have not attended the examination.

- 2.19 At the end of each Module examination, the Invigilator must complete a separate Invigilation Certificate to certify that the examining body Regulations have been observed.
- 2.20 Immediately following each Module examination all answer sheets, **including those for absent candidates**, together with the Invigilation Certificate must be placed between the cardboard sheets provided, inserted into the special **Answer Sheet Security Envelope(s)** and immediately sealed. **On no account must the answer sheets be folded.**
- 2.21 On completion of the final Module examination, all **question papers** and sealed **Answer Sheet Security Envelopes** must be handed, together with any **unused Envelopes**, to the Local Secretary for return to the examining body ('Important Notes to Local Secretaries 1.10'). Responsibility for the answer sheets remains with the Centre until the answer sheets are received by the examining body.

3 Regulations To Be Read Out To The Candidates

Before the start of the examination:

3.1 You must hand to me any books, notes or blank scribbling paper you have in your possession.

(Collect all such items before continuing with the Instructions).

3.2 The answer sheet must be completed using a pen with BLACK or BLUE INK.

3.3 The answers you submit must be entirely your own work, without assistance from any other person or from materials other than:

- A non-programmable calculator.
- A dictionary.

3.4 You must not speak to one another during the examination. If you wish to ask a question hold up your hand. **No query on the meaning of an examination question may be asked or answered.**

3.5 You will not be allowed to leave the examination room until the finish time for this examination, as stated on the front of the question paper.

3.6 When I have called the examination finish time, you must stop work and remain seated until all of the question papers and answer sheets have been collected. Papers not handed in at the close of the examination cannot be accepted later.

3.7 Time allowed:

(read out the times appropriate for this Module):

- Module A (National Core) 30 minutes
- Module B (National Freight) 60 minutes
- Module C (International Freight) 45 minutes

Timings of examinations must be the same at all centres for security purposes, e.g. Module A - 09.00 - 09.30 at all centres. This must be decided by the examining body and printed in these instructions.

3.8 You must use the answer sheet provided. **Do not fold your answer sheet.**

(Ensure that the candidates have their own personalised answer sheet for the Module).

- 3.9 Before the examination starts check that your personal details printed on the answer sheet are correct. If they are not, you must make the appropriate corrections in the space provided under the pre-entered details.

(Allow time for candidates to check their personal details).

- 3.10 Now sign your name **inside the box** provided at the bottom of your answer sheet. It is important that **no part of your signature goes outside of the box**.
- 3.11 I am now going to distribute the question papers. **Do not open the question paper until you are told to do so.**

(Distribute the question papers).

- 3.12 You should now read the instructions on the front of the question paper. If you are not sure how to complete the answer sheet please ask me for instructions.
- 3.13 Remember you must use a pen with **BLACK or BLUE INK** only.
- 3.14 **Any breach of the examining body's regulations could result in disqualification.**

(At the time specified for the start of the module examination).

- 3.15 You may now open your question paper and start the examination.

At the end of the examination:

- 3.16 You must now stop work. Your question paper and answer sheet will now be collected. If you fail to hand in your answer sheet at this time it can not be accepted later.

(Collect all question papers and answer sheets).

Any breach of these Regulations or the use of unfair means will be dealt with at the discretion of the Invigilator, who must report the circumstances to the examining body.

**CERTIFICATE OF PROFESSIONAL COMPETENCE IN ROAD
TRANSPORT**

INVIGILATION CERTIFICATE

The answer sheets for all candidates who are **absent** from the examination must be **marked with black or blue ink in the 'Absent' box, at the bottom of the answer sheet.**

Complete this certificate (**one per room, per Module, used for the exam**). Insert it together with all answer sheets, **including those for absent candidates**, inside the Answer Sheet Security Return Envelope provided, which must then be **immediately sealed. On no account must the answer sheets be folded.**

The Local Secretary will return the Module packs to the examining body **on the day of the examination**, using the return envelope provided.

Centre Name

Centre Number Module (A,B, or C)

Start Time Finish Time

No. of candidates who attended No. of candidates absent

I certify that the regulations ***were/were not** observed (report any breaches below)

Signature of invigilator(s)

.....

Date (**delete as appropriate*)

Invigilators Report (breach of regulations/disturbance/other)

CERTIFICATE OF PROFESSIONAL COMPETENCE IN INTERNATIONAL ROAD FREIGHT TRANSPORT

Centre Number Candidate Number Scheme Number Module Date of Examination
SPECIMEN - DO NOT USE FOR EXAMINATIONS

Centre Name
SPECIMEN - DO NOT USE FOR EXAMINATIONS

Candidate Name (as it will appear on the certificate)	Date of Birth
---	---------------

If your name or date of birth is incorrect PRINT the correct details below

Name: _____ Date of Birth: DD MM YY

Use black or blue ink

To mark your chosen answer fill in the lower part of the box like this

To cancel an answer blank out the letter in the top part of the box like this



<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%;">Q1</td><td style="width: 5%;">A</td><td style="width: 5%;">B</td><td style="width: 5%;">C</td><td style="width: 5%;">D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Q2</td><td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Q3</td><td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Q4</td><td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Q5</td><td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Q6</td><td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Q7</td><td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Q8</td><td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Q9</td><td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Q10</td><td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Q11</td><td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Q12</td><td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Q13</td><td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Q14</td><td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr><td></td><td><input 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type="checkbox"/>	<input type="checkbox"/>	Q7	A	B	C	D		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Q8	A	B	C	D		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Q9	A	B	C	D		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Q10	A	B	C	D		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Q11	A	B	C	D		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Q12	A	B	C	D		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Q13	A	B	C	D		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Q14	A	B	C	D		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Q15	A	B	C	D		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%;">Q16</td><td style="width: 5%;">A</td><td style="width: 5%;">B</td><td style="width: 5%;">C</td><td style="width: 5%;">D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Q17</td><td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Q18</td><td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Q19</td><td>A</td><td>B</td><td>C</td><td>D</td></tr> <tr><td></td><td><input type="checkbox"/></td><td><input 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ANNEX D2-5
Letter of Endorsement from the IRU.



UNION
INTERNATIONALE DES
TRANSPORTS ROUTIERS

INTERNATIONAL
ROAD TRANSPORT
UNION

DCG/DC

28 August 1996

To whom it may concern

This is to confirm that the training course conducted by the Freight Transport Association in Tashkent in August 1996 complies with the European Union Standards for access to the profession of road haulage (CPC - International).

Those people who successfully completed the course and examination will possess a certificate issued by the Freight Transport Association (FTA). The FTA are members of the IRU representing the United Kingdom.

A handwritten signature in black ink, appearing to read 'David C Green', is written over a large, stylized checkmark or 'V' shape.

David C Green
President - IRU

ANNEX D2-6
Student Support Booklet

**CERTIFICATES
OF PROFESSIONAL COMPETENCE
IN ROAD HAULAGE**

IMPORTANT INFORMATION ABOUT THIS BOOKLET

THE BOOKLET IS GIVEN TO STUDENTS AT THE BEGINNING OF THEIR COURSE. IT GIVES THEM ALL THE RELEVANT INFORMATION ABOUT THE STRUCTURE OF THE SYLLABUS AND THE EXAMINATION SYSTEM.

IT IS BASED VERY CLOSELY ON THE ONE USED IN THE UNITED KINGDOM BUT HAS BEEN EDITED TO PROVIDE A BLUEPRINT FOR BODIES WISHING TO SET UP THEIR OWN SYSTEM.

THE COURSE NOTES PROVIDED RELATE TO INTERNATIONAL OPERATIONS.

FOR NATIONAL ROAD TRANSPORT MATTERS, THE HEADINGS REQUIRED ARE PROVIDED. EACH REPUBLIC WILL NEED TO WRITE THE DETAIL APPLICABLE TO THEIR DOMESTIC LEGAL/REGULATORY PATTERN.

C O N T E N T S

INTRODUCTION

AIM

TARGET POPULATION

ENTRY QUALIFICATIONS

STRUCTURE OF THE SCHEME

FORM OF THE EXAMINATION

DATES AND TIMES OF THE EXAMINATIONS

THE EXAMINATION ROOM

ENTRY REGULATIONS AND FEES

CERTIFICATION

NOTES FOR GUIDANCE

SYLLABUS CONTENT

Module A

Module B

Module C

CERTIFICATES OF PROFESSIONAL COMPETENCE IN ROAD HAULAGE

1. INTRODUCTION

EC Directives 74/561 and 89/438 lay down the requirements for admission to the occupation of road haulage operator.

The road haulage sector has two types of licence:

- (a) **A Restricted Licence** allows an operator to carry goods in the course of his own trade or business in his own territory or abroad.
- (b)
 - (i) **A Standard National Licence** additionally allows an operator to carry goods for other people for hire or reward in his own territory.
 - (ii) **A Standard International Licence** additionally allows an operator to carry goods for hire or reward on international journeys.

Applicants for a Standard Licence must prove that they are 'professionally competent' (see below), or that they employ a transport manager who meets the requirements. Persons will be considered 'professionally competent' by passing the examinations for the Certificates of Professional Competence (CPC) conducted by the examining body. The examination is administered by the examining body on behalf of the Department of Transport. Exemption from this is provided by possession of:

- (i) a certificate issued by the transport licensing authority prior to the introduction of the CPC system showing that the holder has proven experience in responsible road transport employment. These certificates are known as 'grandfather rights'.
- (ii) certain diplomas and qualifications from professional institutes and examining bodies.
- (iii) a certificate issued by another European Community member state which fulfils the 'mutual recognition' requirements of EC Directive 77/796 as amended by EC Directive 89/438.

2. AIM

To test the professional competence of applicants for Goods Vehicle O-Licences and their nominated Transport Manager in accordance with the requirements of EC Directive 74/561 as amended by 89/438.

3. TARGET POPULATION

People who need or wish to hold the pre-requisite qualification of professional competence for holders of Operators Licences and nominated Transport Managers.

4. ENTRY QUALIFICATIONS

There are no formal requirements for entry to the examinations.

5. STRUCTURE OF THE SCHEME

5.1 This covers the syllabuses for the following modules:

Module A Core
Module B Freight National
Module C Freight International

5.2 For award of a full National Certificate of Professional Competence, candidates must achieve Module A plus Module B. For award of a full International Certificate, candidates must additionally achieve Module C.

5.3 Module A is common to both Freight and Passenger.

5.4 The syllabuses are expressed in terms of Assessment Objectives and Performance Criteria which indicate the depth required within each section. Assessment objectives define what the candidate must be able to do; performance criteria define standard of competence required in each subject area.

6. FORM OF THE EXAMINATION

6.1 The examinations will be written and take the form of multiple-choice objective items.

6.2 For Freight, the examinations will be:
Module A (Core) - 20 questions to be answered in 30 minutes
Module B (National) - 40 questions to be answered in 60 minutes.
Module C (International) - 30 questions to be answered in 45 minutes

6.3 A notional pass mark of 75% will be applied to each module.

- 6.4 The number of questions allocated to each topic will be approximately in accordance with the numbers shown below. This is intended as a guide only as it may change at any examination to reflect changes in legislation.

MODULE A

Part 1: LAW

Elements of Law	2
Business and Company Law	2
Social Legislation	5

Part 2: Business and Financial Management

Financial Management Techniques	4
Commercial Business Conduct	1
General Insurance	1

Part 3: Road Safety

Traffic Legislation	5
Total Questions	<u>20</u>

MODULE B

Part 1: LAW

Taxation	1
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Part 2: Road Haulage Business and Financial Management

Marketing	1
Commercial Conduct of the Business	3
Insurance in respect of Vehicles and Goods in Transit	2
Methods of Operating	1

Part 3: Access to the Market

Operator Licensing	6
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Part 4: Technical Standards and Aspects of Operations

Weights and Dimensions of Vehicles and Loads	4
Vehicle Selection	1
Vehicle Condition, Fitness and Maintenance	7
Loading of Vehicles and Transit of Goods	5

Part 5: Road Safety

Drivers' Hours and Records	5
Driving Licences	2
Speed Limits	1
Procedures in Case of Traffic Accidents	1
Total Questions	<u>40</u>

MODULE C

Part 1: Law	1
Part 2: Control of Road Haulage Operations	6
Part 3: Practice and Formalities Connected with International Movements	16
Part 4: Operations, Technical Standards and Road Safety	7
Total Questions	<u>30</u>

7. DATES AND TIMES OF EXAMINATIONS

The examinations are undertaken four times per year. Candidates must be registered with the examining body one month prior to the examination date. Late entries up to two weeks prior to the examination will be accepted but will attract an additional 50% levy on top of the normal fee payable.

8. THE EXAMINATION ROOM

- 8.1 **All candidates must provide proof of identity when they sit the examinations. Centre staff must be satisfied that the candidate actually taking the examination is the one whose name has been submitted to the examining body. A candidate identification form supplied by the examining body, must be completed for each candidate and kept by the centre for at least one year.**
- 8.2 **Candidates must not be allowed to take, or be issued with, scribbling paper or anything else which might be passed from one candidate to another, into the examination room.**
- 8.3 **Non-programmable calculators may be taken into the examination room.**
- 8.4 **Candidates must be seated at least 1.5 metres apart, reckoning from the centre of each seat.**
- 8.5 **Candidates arriving late may be admitted to the examination but no extra time may be allowed for latecomers.**

8.6 All premises used for the examinations must be open to inspection by the examining body. Visits may be made to the centre at any time while the examination is in progress either with or without notice. Inspectors will identify themselves by presenting a letter of authorisation from the examining body.

8.7 The number of invigilators required is:

1-40 candidates	-	1 invigilator
41-80 candidates	-	2 invigilators
81 or more	-	3 invigilators

8.8 RSA reserves the right to:

- disqualify candidates if breaches of these regulations permit collusion.
- terminate the registration of centres which fail to comply with these instructions

9. ENTRY REGULATIONS AND FEES

9.1 Entries must be made through registered centres, details of which may be obtained from the examining body.

9.2 Entry forms will be sent to registered centres or can be obtained from the examining body and must be completed and returned with the entry fees to arrive no later than four weeks before the date of examinations.

9.3 Late entries will be accepted by letter or fax only up to two weeks before the examination date; an additional late entry fee of 50% of the normal fee will be payable.

9.4 All fees are subject to review; if any changes are found to be necessary, all centres will be notified. Entry fees are chargeable at the date of the examination and not the date of entry. When the total candidate entries from all centres for an examination, received by the closing date, is less than 50, the examining body reserves the right to increase entry fees in order to cover the full economic cost of providing the examination.

9.5 No examination fees will be refunded. Where a candidate is prevented by sickness from taking an examination, this must be reported, with a medical certificate, by the centre to the examining body. A credit note will then be issued by the examining body and this must be submitted with the centre's next entries payment.

10. CERTIFICATION

10.1 Candidates achieving passes in Modules A and B will be awarded a National CPC (Freight) which meets the requirement for mutual recognition regarding Professional Competence.

- 10.2 Candidates achieving passes in Modules A, B and C will be awarded an International CPC (Freight) which meets the requirement for mutual recognition regarding Professional Competence.
- 10.3 If a candidate achieves one or more Modules, but fails to obtain the necessary Modules for a full Certificate of Professional Competence then certificates will be issued for each Module in which the candidate has been successful. Module certificates may be exchanged for a full Certificate of Professional Competence when the required Module groupings have been successfully completed. An International CPC (Freight) will also be awarded on submission to the examining body of the National CPC (Freight) plus the certificate for Module C.
- 10.4 Candidates unsuccessful in any Modules will receive a 'Fail' result.

Certificate of Professional Competence

International

Number of questions per topic in this exam and relevant chapter reference in the notes.

	<u>Questions</u>	<u>Chapter ref.</u>
Commercial Conduct of the Business	2	B2
Operator Licensing	2	F1
Vehicle Selection	1	G2
International Institutions	2	A
Permits and Quotas	1	B
Carnet de Passage en Douane	2	C
Taxation	2	D
ATP Agreement	2	E
Alternative Systems and Facilities	2	F
Commercial Documentation and Procedures	2	I
The TIR Convention	2	J
ATA Carnets	1	K
Drivers' Hours, Tachographs and Records	3	M & N
The ADR Agreement	2	O
Conditions of Carriage and Insurance International (CMR)	2	P & Q
Motor Insurance	1	R
Operations including Route Planning	1	S

NOTES FOR GUIDANCE

1. Where the performance criteria state 'main provisions of legislation', candidates need not study detailed regulations but should be aware of those provisions which have significant applications for road haulage operations.
2. Candidates should pay particular attention to thresholds, maxima and minima contained in legislation.
3. Examinations will be based on the syllabuses. Only current legislation will be tested. Any changes in legislation will not be examined for 90 days following implementation of the change. Where current legislation remains unchanged in detail yet is consolidated within new legislation, the content will continue to be examined.
4. A free booklet listing establishments offering tuition is available from the examining body. Educational training establishments intending to offer tuition are, therefore, asked to supply the examining body with details.
5. Results will normally be issued within one month of the date of the examination to centres who will be responsible for informing individual candidates. The certificates will be sent with the results to centres.
6. Candidates unsuccessful in the examination may apply to the examining body; through their centres, for a breakdown of their performance in each part of the module. A fee is payable for this service.

MODULE A - CORE (Common to Road Haulage & Passenger Transport)

MODULE CONTENT

Part 1: LAW

Elements of Law
Business and Company Law
Social Legislation

Part 2: BUSINESS AND FINANCIAL MANAGEMENT

Financial Management Techniques
Commercial Business Conduct
General Insurance

Part 3: ROAD SAFETY

Traffic Legislation

MODULE A - CORE

(Common to Road Haulage & Passenger Transport)

Part 1: LAW

Candidates must be able to:

1.1 Elements of Law

Assessment Objectives

- 1.1.1 Determine the factors involved in making legally enforceable contracts with special regard to conditions of carriage.

Performance Criteria

- (a) Factors involved when making a legally enforceable contract, including any conditions attached, are identified.
- (b) Legal obligations involved when operating according to conditions of carriage are identified.

Assessment Objectives

- 1.1.2 Demonstrate knowledge of the liability of both operators and employees for certain civil and criminal acts.

Performance Criteria

- (a) Legal obligations incumbent upon both parties in relationships between employer and employee, operator and agent, and contractor and subcontractor are identified.
- (b) Legal obligations incumbent upon employers and employees in relation to negligence, nuisance and their liabilities for the well being of visitors upon their premises are identified.

1.2 **Business and Company Law**

Assessment Objectives

- 1.2.1 Distinguish between the different forms of and legal procedures relating to commercial organisations.

Performance Criteria

- (a) Correct definitions of sole trader, partnership, private limited company and public limited company, and the legal obligations and powers related to each are identified.
- (b) Correct procedures and documentation relative to the formation and dissolution of a limited company are identified.

1.3 **Social Legislation**

Assessment Objectives

- 1.3.1 Demonstrate knowledge of the provisions and application of current legislation and codes of practice in the field of industrial relations, social security, health and safety at work and discrimination in employment.

Performance Criteria

- (a) Main provisions of current legislation and codes of practice on trade union and labour relations, terms and conditions of employment, employment protection, industrial training and employment, and health and safety at work are identified and applied.
- (b) Main provisions of current legislation on redundancy, social security, discrimination and disability are identified and applied.

Part 2: BUSINESS AND FINANCIAL MANAGEMENT

2.1 **Financial Management Techniques**

Assessment Objectives

- 2.1.1 Demonstrate knowledge of the purpose and legal requirements relating to Annual Accounts and Balance Sheets, and the management information which these provide, making calculations where appropriate.

Performance Criteria

- (a) The purpose of Trading and Profit and Loss Accounts and Balance Sheets are identified.

- (b) 'Capital Employed', 'Working Capital', 'Current and Liquid Ratios' and 'Return on Capital Employed' are calculated from supplied data.
- (c) Implications of the different ratios are identified.
- (d) The legal requirements relating to Trading and Profit and Loss Accounts and Balance Sheets are identified.

Assessment Objectives

- 2.1.2 Demonstrate knowledge of the different sources and types of capital used within a business.

Performance Criteria

- (a) Different sources of funds and the use to which these funds are put within a business are identified.

Assessment Objectives

- 2.1.3 Demonstrate knowledge of the purpose and function of a budget.

Performance Criteria

- (a) The need to prepare budgets is identified.
- (b) The need to monitor performance against budget is identified.

Assessment Objectives

- 2.1.4 Demonstrate knowledge of the principles of cash flow.

Performance Criteria

- (a) A correct definition of cash flow is identified.
- (b) The probable outcomes of poor cash flow performance and the means of dealing with them are identified.
- (c) Cash flow forecasts are calculated from supplied data.

Assessment Objectives

- 2.1.5 Demonstrate knowledge of the purpose of stock control.

Performance Criteria

- (a) The purpose of stock control procedures are identified and applied.

2.2 Commercial Business Conduct

Assessment Objectives

- 2.2.1 Recognise the various terms used and documents involved in a commercial transaction.

Performance Criteria

- (a) The purpose and use of estimates, quotations, orders, consignment and delivery notes, invoices, credit and debit notes, and statements of account are identified.

Assessment Objectives

- 2.2.2 Demonstrate knowledge of the main services provided by financial institutions to industry.

Performance Criteria

- (a) The use an operator may make of banks, building societies and finance houses is identified.

2.3 General Insurance

Assessment Objectives

- 2.3.1 Demonstrate knowledge of the purpose and need for insurance in a commercial undertaking and the risks covered by each.

Performance Criteria

- (a) Reasons a commercial undertaking takes out insurance are identified.
- (b) Compulsory types of insurance, together with risk coverage of each type are identified.
- (c) Discretionary types of insurance, together with risk coverage of each type, are identified.

Part 3: ROAD SAFETY

3.1 Traffic Legislation

Assessment Objectives

- 3.1.1 Demonstrate knowledge of the main provisions of current legislation relating to traffic offences and the use of motor vehicles on the road.

Performance Criteria

- (a) Main provisions of current road traffic legislation including those relating to general traffic regulations, road signs and road markings are identified.
- (b) Offences which carry obligatory or discretionary disqualification and/or custodial sentences are identified.
- (c) Legal requirements and procedures relating to disqualification, penalty-point and fixed-penalty offences are identified.
- (d) Powers of those responsible for enforcing traffic legislation are identified.
- (e) Vehicle owners', operators' and users liability is identified.
- (f) Legal requirements and procedures relating to, and consequences of, forgery and false statements are identified.

MODULE B - NATIONAL ROAD HAULAGE

MODULE CONTENT

Part 1: LAW

Taxation

Part 2: ROAD HAULAGE BUSINESS AND FINANCIAL MANAGEMENT

Marketing
Commercial Conduct of the Business
Insurance in respect of Vehicles and Goods in Transit
Methods of Operating

Part 3: ACCESS TO THE MARKET

Operator Licensing

Part 4: TECHNICAL STANDARDS AND ASPECTS OF OPERATIONS

Weights and Dimensions of Vehicles and Loads
Vehicle Selection
Vehicle Condition, Fitness and Maintenance
Loading of Vehicles and Transit of Goods

Part 5: ROAD SAFETY

Drivers' Hours and Records
Driving Licences
Speed Limits
Procedures in case of Road Traffic Accidents

MODULE B - NATIONAL ROAD HAULAGE

Part 1: LAW

Candidates must be able to:

1.1 Taxation

Assessment Objectives

- 1.1.1 Demonstrate knowledge of vehicle excise and finance legislation relevant to road haulage operations.

Performance Criteria

- (a) The method for calculating Vehicle Excise Duty (VED) for goods vehicles is identified.
- (b) The conditions under which vehicles can be registered and used under trade licences are identified.
- (c) The criteria for registration and use of recovery vehicles are identified.

Part 2: ROAD HAULAGE BUSINESS AND FINANCIAL MANAGEMENT

2.1 Marketing

Assessment Objectives

- 2.1.1 Demonstrate knowledge of marketing and basic marketing tasks.

Performance Criteria

- (a) Marketing terms and tasks are identified.

Assessment Objectives

- 2.1.2 Demonstrate knowledge of the concepts of market segmentation in the road haulage industry.

Performance Criteria

- (a) Market segments are identified.

Assessment Objectives

- 2.1.3 Demonstrate knowledge of marketing techniques used within the road haulage industry.

Performance Criteria

- (a) Methods of obtaining market data are identified and applied.

2.2 Commercial Conduct of the Business

Assessment Objectives

- 2.2.1 Demonstrate knowledge of management techniques involved in road haulage operational costing systems.

Performance Criteria

- (a) Operating costs in respect of time, mileage and capacity for a goods vehicle are identified and calculated from supplied data.
- (b) The charge-out rate is calculated from supplied data.

Assessment Objectives

- 2.2.2 Demonstrate knowledge of methods of payment and revenue collection.

Performance Criteria

- (a) Main revenue collection and payment systems are identified.

2.3 Insurance in respect of Vehicles and Goods in Transit

Assessment Objectives

- 2.3.1 Demonstrate knowledge of the insurance requirements necessary to operate a motor vehicle on the public road and for goods carried on that vehicle.

Performance Criteria

- (a) Legal obligations for third party and passenger risks are identified.
- (b) Causes of invalidation of policies are identified.

Assessment Objectives

- 2.3.2 Demonstrate knowledge of the importance and desirability of goods in transit insurance.

Performance Criteria

- (a) The main types of general insurance for goods in transit are identified.
- (b) The implications for operators carrying goods under CMR are identified.

2.4 Methods of Operating

Assessment Objectives

- 2.4.1 Demonstrate knowledge of terms and organisations used particularly within the road haulage industry.

Performance Criteria

- (a) The functions of sub-contractors, clearing houses, groupage operators, agents and freight forwarders are identified.

Part 3: ACCESS TO THE MARKET

3.1 Operator Licensing

Assessment Objectives

- 3.1.1 Demonstrate knowledge of the provisions relating to Goods Vehicle Operator Licensing, including provisions relating to road safety and the protection of the environment.

Performance Criteria

- (a) Vehicles subject to Operator Licensing are identified.
- (b) Types of Operator Licences are identified.
- (c) The requirements of professional competence, good repute and financial standing are identified.
- (d) The requirements for vehicle maintenance are identified.
- (e) The provision of a physically and environmentally suitable operating centre are identified.
- (f) The statutory procedures concerning application, variation or change of a licence and replacement on expiry of a licence, including objections, representations and the imposition of conditions, are identified.
- (g) The provisions relating to the revocation, suspension, curtailment and premature termination of a licence and rights of appeal are identified.

Part 4: TECHNICAL STANDARDS AND ASPECTS OF OPERATIONS

4.1 Weights and Dimensions of Vehicles and Loads

Assessment Objectives

- 4.1.1 Demonstrate knowledge of the legislation relating to weights and dimensions of goods vehicles and their loads.

Performance Criteria

- (a) The terms used to indicate differing weight conditions of a vehicle are identified.
- (b) Statutory limits on overall weights, axle weights and dimensions are identified.
- (c) Weights imposed on axles are calculated from supplied data.
- (d) The legal provisions relating to projecting loads and the required actions are identified and applied.

4.2 Vehicle Selection

Assessment Objectives

- 4.2.1 Demonstrate knowledge of the different types of vehicles and their uses within the road haulage industry.

Performance Criteria

- (a) The merits of different types and designs of goods vehicles are identified.

4.3 Vehicle Condition, Fitness and Maintenance

Assessment Objectives

- 4.3.1 Demonstrate knowledge of the provisions of 'Plating and Testing' and 'Type Approval' legislation.

Performance Criteria

- (a) The main provisions of 'Plating and Testing' and 'Type Approval' legislation are identified and applied.

Assessment Objectives

- 4.3.2 Demonstrate knowledge of the provisions of the Construction and Use Regulations, and Lighting and Marking Regulations of goods vehicles.

Performance Criteria

- (a) The main provisions of the Construction and Use Regulations including those relating to brakes, braking efficiency; speed limiters; speedometers; mirrors; safety glass; windscreen wipers and washers; audible warning devices; fuel tanks; silencers and noise; television/video; smoke emission; tyres; towing; sideguards, rear under-run bumpers and spray suspension including, where relevant, their impact on environmental protection, are identified and applied.
- (b) The main provisions of the Lighting and Marking Regulations including those relating to obligatory and non-obligatory lamps; indicators and reflectors; additional lamps; reflectors and markers required for certain vehicles and their loads; and the use of lamps are identified and applied.

Assessment Objectives

- 4.3.3 Demonstrate knowledge of the methods of maintenance available to an operator, and the operator's obligations and liabilities under each method.

Performance Criteria

- (a) Systems employed in planned maintenance including defect reports, regular inspections and keeping of records are identified.
- (b) The recommendations of the Department of Transport publication 'Guide to Maintaining Roadworthiness' are identified and applied.
- (c) Operators' responsibility for the condition of vehicles whose maintenance is 'contracted out' is identified.

Assessment Objectives

- 4.3.4 Demonstrate knowledge of methods of enforcement.

Performance Criteria

- (a) Fleet inspection and roadside check procedures and related documentation are identified.

4.4 Loading of Vehicles and Transit of Goods

Assessment Objectives

- 4.4.1 Demonstrate knowledge of the provisions of the legislation and the relevant Codes of Practice concerned with the safe loading and the carriage of goods.

Performance Criteria

- (a) The main provisions of current legislation and codes of practice on safe loading

of goods, carriage and labelling of hazardous goods in tanks and tank containers and packaged dangerous goods are identified and applied.

- (b) The main provisions of current legislation on the carriage of livestock, waste and food are identified and applied.
- (c) The bodies responsible for enforcing the legislation and their powers are identified.

Assessment Objectives

- 4.4.2 Demonstrate knowledge of the provisions of legislation relevant to vehicles carrying abnormal indivisible loads and indivisible loads.

Performance Criteria

- (a) The main provisions of 'Special Types' legislation, in respect of movement of abnormal loads, are identified.
- (b) The relevant provisions of Construction and Use Regulations are identified.

Part 5: ROAD SAFETY

Assessment Objectives

5.1 Drivers' Hours and Records

Demonstrate knowledge of the provisions of domestic and Community regulated legislation relating to drivers' hours and records of work.

Performance Criteria

- (a) Legal requirements relating to specific journeys and work are identified and applied.
- (b) Legal requirements relating to the keeping of hours of work records are identified.
- (c) Tachograph charts are interpreted.

Assessment Objectives

5.2 Driving Licences

- 5.2.1 Demonstrate knowledge of the legislation relating to driving licences for drivers of goods vehicles.

Performance Criteria

- (a) Different categories, types and qualifications for driving licences and entitlements are identified.
- (b) Procedures relating to the issue, renewal, revocation and production of licences and removal of entitlements are identified.
- (c) Disciplinary procedures and rights of appeal are identified.

5.3 Speed Limits

Assessment Objectives

- 5.3.1 Demonstrate knowledge of the speed limits for goods vehicles.

Performance Criteria

- (a) Speed limits for goods vehicles on different types of roads are identified.

5.4 Procedures in case of Road Traffic Accidents

Assessment Objectives

- 5.4.1 Demonstrate knowledge of the procedures to be followed when involved in a road traffic accident.

Performance Criteria

- (a) Circumstances in which a driver has a legal liability to stop and give particulars are identified.
- (b) The particulars required to be given in the case of a road traffic accident are identified.
- (c) Requirements for reporting accidents to the appropriate authorities are identified.

MODULE C - INTERNATIONAL ROAD HAULAGE

MODULE CONTENT

Part 1

LAW

Part 2

CONTROL OF ROAD HAULAGE OPERATIONS

Part 3

**PRACTICE AND FORMALITIES CONNECTED
WITH INTERNATIONAL MOVEMENTS**

Part 4

OPERATIONS, TECHNICAL STANDARDS AND ROAD SAFETY

MODULE C - INTERNATIONAL ROAD HAULAGE

Part 1: LAW

Candidates must be able to:

Assessment Objectives

- 1.1 Demonstrate knowledge of the provisions of current legislation relating to driving hours and international journeys.

Performance Criteria

- (a) The legal requirements relating to specific journeys and work involving the AETR Agreement and the EC Regulations are identified and applied.

Assessment Objectives

- 1.2 Demonstrate knowledge of the legislation relating to the keeping of records of drivers hours and work for international journeys.

Performance Criteria

- (a) The legal requirements relating to the keeping of records for drivers hours and work are identified and applied.
- (b) Tachograph charts are interpreted.

Part 2: CONTROL OF ROAD HAULAGE OPERATIONS

Assessment Objectives

- 2.1 Demonstrate knowledge of the provisions relating to access to the profession of international road haulage operator.

Performance Criteria

- (a) The additional requirements for obtaining an International Operator Licence are identified and applied.

Assessment Objectives

- 2.2 Demonstrate knowledge of the provisions applicable to the transport of goods by road between European Community (EC) member states and between Community and non-

member countries arising out of national law, Community standards, international conventions and agreements.

Performance Criteria

- (a) The provisions of EC Regulations governing access to the international road haulage market are identified and applied.
- (b) The limitations and systems imposed by bilateral agreements, including agreements between EC and other countries, restricting access to national territories are identified and applied.
- (c) The purpose and the use of the ECMT multilateral quota system are identified and applied.
- (d) The provisions governing the operation of cabotage are identified and applied.
- (e) The procedure and necessity for obtaining permits are identified.
- (f) The circumstances are identified in which an international driving permit, vehicle registration document, letter of authorisation, passport, visa and national identification plate are required.

Part 3: PRACTICE AND FORMALITIES CONNECTED WITH INTERNATIONAL MOVEMENTS.

Assessment Objectives

- 3.1 Demonstrate knowledge of the procedures for moving goods through customs and across borders.

Performance Criteria

- (a) The rules for the import and export of fuel in the tanks of road vehicles are identified and applied.
- (b) The circumstances are identified in which the International Convention on Taxation of Road Vehicles engaged on international journeys is applied.
- (c) Countries which levy additional fiscal charges and the nature of these charges are identified.
- (d) The significance and role of SITPRO are identified.
- (e) The purpose and application of Electronic Data Interchange (EDI), invoices, consular invoices and certificates of origin are identified.

Assessment Objectives

- 3.2 Demonstrate knowledge of the purpose and use of other customs documentation.

Performance Criteria

- (a) The provisions of the TIR Convention are identified.
- (b) The procedures for obtaining and purpose of carnets for the temporary importation of vehicles or goods are identified.
- (c) The responsibilities of drivers in relation to the use of carnets are identified.

Assessment Objectives

- 3.3 Demonstrate knowledge of the provisions of the Convention on the Contract for the International Carriage of Goods by Road (CMR).

Performance Criteria

- (a) The provisions of the CMR Convention including the rights and liabilities of the parties covered by the Convention are identified and applied.
- (b) The reasons for and the importance of adequate goods in transit insurance cover, for the carriers liabilities under CMR, are identified.
- (c) Items of information which should be contained on a CMR consignment note are identified.

Part 4: OPERATIONS, TECHNICAL STANDARDS AND ROAD SAFETY

Assessment Objectives

- 4.1 Demonstrate knowledge of the main traffic regulations in EC member states and non-member countries.

Performance Criteria

- (a) Significant national limits on weights, dimensions and speed of road haulage vehicles in EC member states and non-member countries are identified and applied.
- (b) The main traffic regulations, signs and signals appearing in other EC member states and non-member countries which significantly differ from those in the UK are identified.
- (c) The restrictions imposed on the movement and speeds of goods vehicles either during certain periods or in relation to vehicle construction and the countries to which they apply are identified.

Assessment Objectives

- 4.2 Demonstrate knowledge of the relevant insurance requirements in relation to the vehicle crew.

Performance Criteria

- (a) The uses and limitations of the 'Green Card' are identified.
- (b) The reasons for, source and use of European Accident Report Forms are identified.
- (c) The methods of securing, and use of, medical insurance for crews are identified.

Assessment Objectives

- 4.3 Demonstrate knowledge of operating systems used in international transport.

Performance Criteria

- (a) The uses of 'RO/RO', Road/Rail containers, groupage and full container loads and the services provided by freight forwarders are identified and applied.

Assessment Objectives

- 4.4 Demonstrate knowledge of the main financial considerations to be taken into account when undertaking an international journey.

Performance Criteria

- (a) The significance of exchange rates identified.
- (b) Additional costs that could be incurred on international journeys are identified.
- (c) The requirements in respect of VAT on international road transport services are identified and applied.

Assessment Objectives

- 4.5 Demonstrate knowledge of the main requirements placed on vehicle operators when moving perishable foodstuffs and hazardous goods.

Performance Criteria

- (a) The provisions of the Agreement on the International Carriage of Perishable Foodstuffs (ATP) and the certification procedure are identified and applied.

- (b) The provisions of the European Agreement for the International Carriage of Dangerous Goods by Road (ADR) and the certification procedure are identified and applied.
- (c) The provisions on the International Maritime Dangerous Goods (IMDG) Code are identified and applied.

ANNEX D2-7
Programme for an Inaugural CPC Course.

COMPOSITION OF INAUGURAL COURSE

The following recommendations are made concerning the delegates on the first CPC course:

1. Total numbers should not exceed 20.
2. The group should comprise a mix of representatives from:
 - a) Ministry of Transport (maximum 4)
 - b) Trade Association (maximum 2)
 - c) Research Institute (maximum 2)
 - d) Transport Operators (maximum 6)
 - e) Prospective Trainers (maximum 6)

3. Prospective Trainers

The prospective trainers will each undergo the complete inaugural CPC course. If they successfully graduate from that course they will then immediately move on to the 'Training the Trainer' course.

Prospective trainers should have experience in general training and transportation. If identified as trainers they may be in addition to the maximum numbers mentioned in a) - d) above.

OUTLINE PROGRAMME FOR 15 DAY INTERNATIONAL CPC/TRAINING OF CPC TRAINERS COURSE

DURATION: 08.00 - 13.00 daily
Mid session coffee break

- DAY 1** - Introduction to Course including:-
- Structure of the CPC system
 - Explanation of tuition methods/notes
 - Delegates introducing themselves
 - Registration of delegates
- DAY 2** - International Institutions
- Permits and Quotas
- DAY 3** - Carnet de Passage en Douane
- Taxation Systems
- DAY 4** - ATP Agreement
- Alternative Systems and Facilities
- DAY 5** - Commercial Documentation and Procedures
- Revision Session
- DAY 6** - The TIR Convention
- ATA Carnet
- DAY 7** - Drivers' Hours, Ages and Licences
- Tachographs and Records
- DAY 8** - ADR Agreement
- Conditions of Carriage and Insurance - International
- DAY 9** - Goods in Transit Insurance
- Motor Insurance
- DAY 10** - Operator Licensing
- Operations including Route Planning
- Revision Session

- DAY 11**
- Mock Examination
 - Review of Examination and Further Revision
- DAY 12**
- International CPC Examination
 - Award of Certificates to successful Candidates
- DAY 13**
- **TRAINING THE TRAINERS**
 - The role of the Ministry of Transport
 - The role of the Examining Body
 - The role of Training Providers
 - Review of the detailed Documentary requirements to formulate a CPC Training/Examination System
- DAY 14**
- The Content and Formulation of a NATIONAL CPC explained
 - Presentation by Prospective Trainers
- DAY 15**
- Conclusion of Presentations by Prospective Trainers
 - Award of Certificates to successful Trainers
 - Conclusion and Course Closure.

ANNEX D2-8
Examination Papers for the Tashkent Pilot.

Examination Regime Certificate of Professional Competence

1. A separate body must be established to control examinations for CPC.
2. The role of the body is to:-
 - ▶ compile questions for use in examinations
 - ▶ determine pass marks for examinations
 - ▶ to maintain the integrity of the examination procedures in respect of the rules, the security of examination papers and the standards and content of the syllabus for the training
 - ▶ to mark the examination papers
 - ▶ to be the body responsible for certification of successful candidates
 - ▶ to notify training providers of examination results
 - ▶ to audit the examination arrangements on a regular basis
 - ▶ determine the scale of examination fees
 - ▶ determine the frequency of examinations
3. This body will maintain an accurate database of all candidates who have passed the CPC examination.
4. No duplicate certificates should ever be issued for security reasons. In the event of a loss of certificate only a confirmatory letter would be provided to the CPC holder.
5. The Examination body should report directly to the Minister of Transport and should comprise experts from:-
 - ▶ the Ministry of Transport
 - ▶ Academics from Transport Universities/Colleges
 - ▶ Transport Trade Associations
 - ▶ Transported Research Institutes
 - ▶ Operators
6. Training providers must be excluded from the examining body in order to ensure integrity of the examinations regime.

AUGUST 1996
CERTIFICATE OF PROFESSIONAL COMPETENCE
IN INTERNATIONAL ROAD FREIGHT TRANSPORT

Instructions to candidates

- Do not open this booklet until told to do so by the invigilator.
- Each question shows more than one possible answer, A, B, C or D. Only ONE is correct.
- Use BLACK or BLUE INK to mark the Answer Sheet with the correct answer.

- **Marking Your Choice of Answer**

Decide which answer you think is correct and draw a line through the **BOTTOM** part of the box on **your personalised answer sheet**.

For example if you decide that the correct answer for question 1 is 'B', fill in the box like this:

A	B	C	D

- **Changing Your Choice of Answer**

If you want to change your answer, blank out the letter in the **TOP** part of the box containing the **WRONG** answer and then draw a line through the **BOTTOM** part of the box you have now decided is correct.

For example if you decide that the first answer you chose for question 1 is **not** correct and that the correct answer is 'C', you change it like this:

A	X	C	D

- **Changing Back to your Previous Choice of Answer**

If you want to change your answer back to a letter you have blanked out, you must blank out the letter in the **TOP** part of the box of your previous choice(s) and write in the letter next to the **TOP** part of the box you have now decided is correct.

For example if you decide that your new answer 'C' is **wrong** and that the first answer you chose, 'B', is **correct** you change it like this:

A	X B	X	D
	_____	_____	

- Make sure you use the correct line on the answer sheet for the question you are answering.
- Any calculations or working out can be done in this book. You are allowed to use battery operated, non-programmable calculators.
- Attempt all questions; if you find a question difficult, leave it and return to it later.
- Each correct answer will score a mark.
- If you have any questions about these instructions you should ask the invigilator for clarification.

DO NOT TURN OVER THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Certificate of Professional Competence

International

COMMERCIAL CONDUCT OF THE BUSINESS

1. Direct variable costs in a transport business are:
 - A. those costs that arise directly from the ownership of goods vehicles irrespective of usage
 - B. those costs which cannot be directly attributable to a particular goods vehicle
 - C. the general administrative costs of running a road haulage business
 - D. the running costs of operating goods vehicles on the road

2. Which one of the following documents should be sent to a customer who had been undercharged on an invoice?
 - A. credit note
 - B. debit note
 - C. consignment note
 - D. statement

OPERATOR LICENSING

3. An operator normally parks his vehicles at the premises of a major customer. They are maintained at a commercial garage. The business is run from the operator's home address. The operating centre specified on his licence would be:
 - A. the garage
 - B. his customer's premises
 - C. both the customer's premises and the operator's home
 - D. the operator's home

7. The Inland Transport Committee is part of:
- A. the ECE
 - B. the ECMT
 - C. the EU
 - D. the IRU

PERMITS AND QUOTAS

8. Cabotage is the movement of a loaded Uzbekistan goods vehicle from:
- A. Tashkent to Almaty
 - B. Samarkand to Bishkek
 - C. Almaty to Qaraghandy
 - D. Karakol to Ashghabat

CARNET DE PASSAGE EN DOUANE

9. A Carnet de Passage en Douane is used in connection with the temporary importation of:
- A. goods for exhibition purposes
 - B. a haulage vehicle
 - C. samples
 - D. an engineer's tools and equipment
10. A Carnet de Passage en Douane is valid for:
- A. a single outward and return journey of a specified vehicle to a particular country, only
 - B. any number of journeys by any of the operator's vehicles to a particular country
 - C. any number of journeys by any of the operator's vehicles to a particular country within 12 months
 - D. any number of journeys by a specified vehicle to a particular country within 12 months

ALTERNATIVE SYSTEMS AND FACILITIES

15. In the context of container operation, LCL stands for:
- A. local customs licence
 - B. limited container loads
 - C. licensed community loads
 - D. less than container loads
16. Ferry companies operating a Ro/Ro service to the Continent generally base their charges on:
- A. the nationality of the vehicle operator
 - B. the fragile nature of the load
 - C. the length of the vehicle/trailer combination
 - D. the weight of the vehicle/trailer combination

COMMERCIAL DOCUMENTATION AND PROCEDURES

17. Which one of the following can be a document of title enforceable at law?
- A. CMR consignment note
 - B. House Bill
 - C. Bill of Lading
 - D. Airwaybill
18. For which one of the following countries would you expect to have to produce a Certificate of Origin as a matter of course?
- A. France
 - B. Hungary
 - C. Saudi Arabia
 - D. Turkey

22. EC Regulation 3820/85, limiting driving time to a maximum of nine hours daily, allows which of the following alternatives?
- A. 10 hours twice in any week
 - B. 10 hours twice in any seven days
 - C. 10 hours twice in any seven consecutive days
 - D. no alternatives are allowed
23. The definition of the working week under the EU regulation is:
- A. any consecutive seven day period which a driver works
 - B. a week beginning at midnight Saturday/Sunday and extending to midnight Saturday/Sunday the following week
 - C. any seven day period beginning at midnight and extending to midnight on the same day of the following week
 - D. a week beginning at midnight Sunday/Monday and extending to midnight on the following Sunday/Monday
24. A driver must return a tachograph sheet to his employer:
- A. within 14 days of its completion
 - B. within 2 days of its completion
 - C. within 21 days of its completion
 - D. when his employer so requires

THE ADR AGREEMENT

25. The following black figure on an orange background is shown on a vehicle. It indicates that the goods being carried are:



- A. radioactive
- B. liable to explosion
- C. flammable
- D. corrosive

MOTOR INSURANCE

29. The movement of vehicles and people through EU Member States has been liberalised by EC Directive 72/166 which:
- A. abolishes frontier checks on the Green Cards for vehicles normally based in a Member State
 - B. eliminates the necessity for the driver of a goods vehicle normally based in a Member State to carry a full passport
 - C. eliminates the necessity for the driver of a vehicle normally based in a Member State to carry a Carnet de Passage en Douane
 - D. eliminates the necessity for the driver of a vehicle normally based in a Member State to carry his driving licence

OPERATIONS INCLUDING ROUTE PLANNING

30. The maximum length of a roadtrain in the EU is:
- A. 15m
 - B. 15.5m
 - C. 16.5m
 - D. 18.35m

CERTIFICATE OF PROFESSIONAL COMPETENCE IN INTERNATIONAL ROAD FREIGHT TRANSPORT

Centre Number Candidate Number Scheme Number Module Date of Examination

Centre Name

Candidate Name (as it will appear on the certificate)

Date of Birth

If your name or date of birth is incorrect PRINT the correct details below

Name:

Date of Birth DD MM YY

Use black or blue ink

To mark your chosen answer fill in the lower part of the box like this

To cancel an answer blank out the letter in the top part of the box like this



<p>Q1 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D</p> <p>Q2 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D</p> <p>Q3 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D</p> <p>Q4 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D</p> <p>Q5 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D</p> <p>Q6 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D</p> <p>Q7 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D</p> <p>Q8 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D</p> <p>Q9 <input type="checkbox"/> A <input 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Absent:

Signature:

AUGUST 1996
CERTIFICATE OF PROFESSIONAL COMPETENCE
IN INTERNATIONAL ROAD FREIGHT TRANSPORT

Instructions to candidates

- Do not open this booklet until told to do so by the invigilator.
- Each question shows more than one possible answer, A, B, C or D. Only ONE is correct.
- Use BLACK or BLUE INK to mark the Answer Sheet with the correct answer.

- **Marking Your Choice of Answer**

Decide which answer you think is correct and draw a line through the **BOTTOM** part of the box on your **personalised answer sheet**.

For example if you decide that the correct answer for question 1 is 'B', fill in the box like this:

A	B	C	D

- **Changing Your Choice of Answer**

If you want to change your answer, blank out the letter in the **TOP** part of the box containing the **WRONG** answer and then draw a line through the **BOTTOM** part of the box you have now decided is correct.

For example if you decide that the first answer you chose for question 1 is **not** correct and that the correct answer is 'C', you change it like this:

A	●	C	D

- **Changing Back to your Previous Choice of Answer**

If you want to change your answer back to a letter you have blanked out, you must blank out the letter in the **TOP** part of the box of your previous choice(s) and write in the letter next to the **TOP** part of the box you have now decided is correct.

For example if you decide that your new answer 'C' is **wrong** and that the first answer you chose, 'B', is **correct** you change it like this:

A	● B	●	D

- Make sure you use the correct line on the answer sheet for the question you are answering.
- Any calculations or working out can be done in this book. You are allowed to use battery operated, non-programmable calculators.
- Attempt all questions; if you find a question difficult, leave it and return to it later.
- Each correct answer will score a mark.
- If you have any questions about these instructions you should ask the invigilator for clarification.

DO NOT TURN OVER THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Certificate of Professional Competence
International

COMMERCIAL CONDUCT OF THE BUSINESS

1. Which of the following would be classed as running costs of a road haulage business?
 - A. drivers' basic wages
 - B. vehicle excise licences
 - C. vehicle depreciation
 - D. vehicle maintenance

2. The term 'Carriage Forward' means payment for transport:
 - A. will be the responsibility of the consignor
 - B. has already been made by the consignor
 - C. has been made by the consignor's forwarding agent
 - D. will be the responsibility of the consignee

OPERATOR LICENSING

3. Hauliers who acquire additional vehicles within the limit authorised by their licences, with the intention of keeping them permanently:
 - A. need not do anything
 - B. should have informed the Traffic Commissioner before they acquired them
 - C. must inform the Traffic Commissioner within three months of acquiring them
 - D. must inform the Traffic Commissioner within one month of acquiring them

PERMITS AND QUOTAS

8. Which of the following haulage operations would be classed as third country traffic if it was undertaken by an Uzbekistan haulier?
- A. collect Almaty and deliver in Bishkek
 - B. collect Qaraghandy and deliver in Almaty
 - C. collect Tashkent and deliver in Qyzloroa
 - D. collect Pavlodar and deliver in Shymkent

CARNET DE PASSAGE EN DOUANE

9. A carrier fails to correctly discharge a Carnet de Passage. Which of the following is empowered to sign the official report?
- A. Department of Transport Examiners
 - B. A judge
 - C. A Member of Parliament
 - D. HM Inspector of Taxes
10. The purpose of a Carnet de Passage en Douane is to:
- A. allow temporary importation of samples, exhibition goods and personal effects without payment of duty
 - B. allow temporary importation of foreign goods vehicles free of duty or deposit
 - C. enable a goods vehicle to pass through international frontiers without customs examination
 - D. allow the temporary importation of exhibition goods without payment of duty, deposit or bond

ALTERNATIVE SYSTEMS AND FACILITIES

15. The transport system whereby a number of small consignments are consolidated into a unit load is called:
- A. cabotage
 - B. banalisation
 - C. groupage
 - D. containerisation
16. Ferry companies operating a Ro/Ro service to the Continent normally make a surcharge, on the basic rate, when the load consists of:
- A. livestock
 - B. non-Community goods
 - C. CAP goods
 - D. groupage consignments

COMMERCIAL DOCUMENTATION AND PROCEDURES

17. SITPRO is concerned with simplifying the:
- A. permit system for international road haulage operations
 - B. operator licensing requirements for international road haulage operations
 - C. documentation and procedures used in international trade
 - D. taxation system for road vehicles engaged in international road haulage operations
18. House Bills are issued by:
- A. Shipping Lines
 - B. Chambers of Commerce
 - C. Freight Forwarders
 - D. Customs and Excise Authorities

HOURS, TACHOGRAPHS AND RECORDS

22. Discs for use with an EU approved tachograph must be capable of providing a continuous record for a minimum period of:
- A. 12 hours
 - B. 18 hours
 - C. 24 hours
 - D. 48 hours
23. Under EC Regulation 3820/85 a driver of a double manned vehicle may reduce his rest break to:
- A. 8 hours in a 30 hour period
 - B. 9 hours in a 30 hour period
 - C. 8 hours in a 24 hour period
 - D. 9 hours in a 24 hour period
24. Driver Brown came on duty at 07.00 hours and started immediately to load his 10 tonne van with general goods. At 08.30 hours he set off for a town 210 miles away. Under the EU regulations he must have a statutory break not later than:
- A. 11.30 hours
 - B. 12.30 hours
 - C. 13.00 hours
 - D. 13.30 hours

THE ADR AGREEMENT

25. Where a number of different dangerous substances are being carried in separate tanks or tank compartments of a vehicle operating under the ADR Agreement, orange hazard identification plates must:
- A. be fixed to the front and rear of the vehicle only
 - B. only be displayed at the front of the vehicle
 - C. only be displayed at the rear of the vehicle
 - D. be fixed to each side of the tank or tank compartment

MOTOR INSURANCE

29. A European Accident Statement:
- A. is a substitute for an insurance claims form
 - B. is meant to assist insurers to deal more quickly with any claims arising out of a motor accident
 - C. must be completed in respect of all motor accidents occurring in EU Member States
 - D. is completed and given to the Police authorities of the country in which the accident occurred

OPERATIONS INCLUDING ROUTE PLANNING

30. Currency exchange rates in connection with international trade:
- A. remain constant from week to week
 - B. fluctuate from day to day
 - C. remain constant from month to month
 - D. are determined by the World Bank

CERTIFICATE OF PROFESSIONAL COMPETENCE IN INTERNATIONAL ROAD FREIGHT TRANSPORT

Centre Number Candidate Number Scheme Number Module Date of Examination

Centre Name

Candidate Name (as it will appear on the certificate)

Date of Birth

If your name or date of birth is incorrect PRINT the correct details below

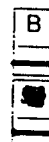
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Use black or blue ink

To mark your chosen answer fill in the lower part of the box like this

To cancel an answer blank out the letter in the top part of the box like this

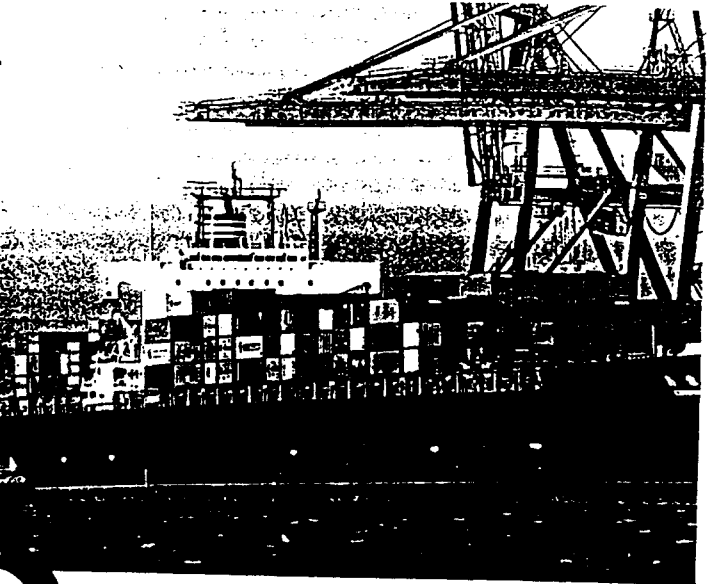
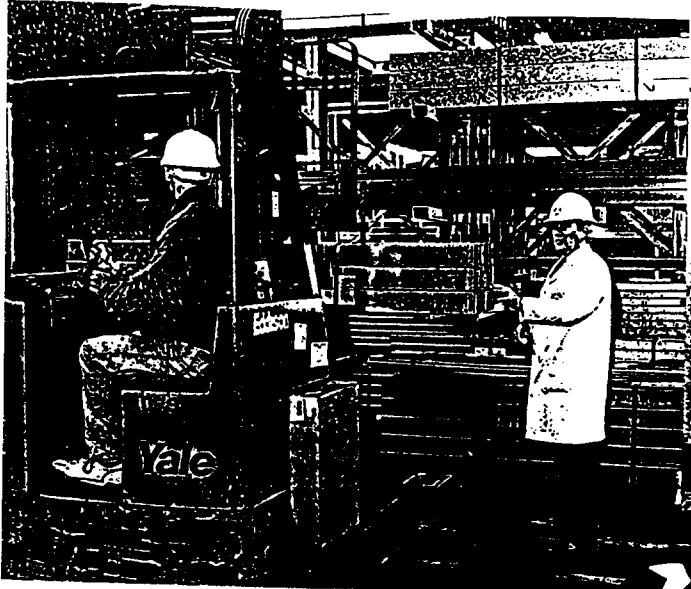


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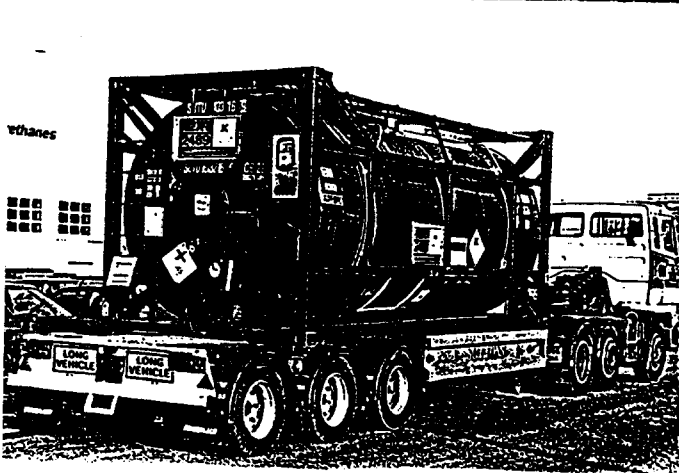
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ANNEX D2-9
National CPC - section headings



LOGISTICS



Part 1 - Notes for the National CPC

NATIONAL CERTIFICATE OF PROFESSIONAL COMPETENCE

Main Sections

A National Legislation

- A1 Structure of Law
- A2 Operator's Liability
- A3 Business and Company Law
- A4 Industrial Relations Law
- A5 Social Security Law
- A6 Discrimination Law
- A7 Safety Law

B Commercial Considerations 1

- B1 Financial Management
- B2 Commercial Business Conduct
- B3 General Insurance

C Traffic Legislation

- C1 Speed Limits
- C2 Parking, Waiting, Loading & Unloading
- C3 Traffic Offences

D Vehicle Taxation

E Commercial Considerations 2

- E1 Marketing
- E2 Commercial Conduct
- E3 Carriage Insurance

F Operators Licensing

G Technical Standards

- G1 Weights & Dimensions
- G2 Vehicle Selection
- G3 Vehicle Condition & Maintenance
- G4 Loading of Vehicles and Transit

H Road Safety

- H1 Driver's Hours
- H2 Driver's records
- H3 LGV Driver's Licences
- H4 Goods Vehicles Speed Limits
- H5 Traffic Accidents Procedures

A1 Structure of Law

Time allocation: 2 hours

A1.1 Legal Contracts & Conditions of Carriage

- 1.1.1 Principles of the law of contract
- 1.1.2 Contract of carriage

A1.2 Common and private carriers

A1.3 Duties and rights of carriers

A1.4 Terms of a contract

A1.5 Conditions of carriage

A1.6 Summary of laws relating to carriage

- 1.6.1 Common carriers
- 1.6.2 Private carriers

A1.7 Example of standard conditions of carriage

A1.8 Liability for loss or damage

- 1.8.1 Carrier's risk
- 1.8.2 Owner's risk
- 1.8.3 Limit of liability

A1.9 Agents

- 1.9.1 Types of agents
- 1.9.2 The authority of agents
- 1.9.3 The principal's liability

A1.10 The employer's liability

- 1.10.1 Basic rules of liability

A1.11 Contractor and sub-contractor

- 1.11.1 Conditions of sub-contracting
- 1.11.2 Future contracts
- 1.11.3 Further sub-contracting
- 1.11.4 Performance of sub-contract
- 1.11.5 Failure of performance
- 1.11.6 Receipts
- 1.11.7 Sub-contractor's liability
- 1.11.8 Insurance

A2 Operator's Liability

Time Allocation: 1 Hour

A2.1 The law of tort

- 2.1.1 Specific torts
- 2.1.2 Negligence

A2.2 Operator's Liabilities

- 2.2.1 Negligence and carriage
- 2.2.2 Nuisance

A2.3 Occupier's Liability

- 2.3.1 Occupiers and visitors
- 2.3.2 Occupier's liability
- 2.3.3 Duty to trespass
- 2.3.4 Restricting or excluding liability

A2.4 Limiting a Carrier's Liability

A2.5 Unfair Contract terms

A3 Business and Company Law

Time Allocation: 1 Hour

A3.1 Types of Business Unit

- 3.1.1 Sole traders
- 3.1.2 Partnerships
- 3.1.3 Limited partnerships
- 3.1.4 Sleeping partners

A3.2 Forming a company

- 3.2.1 The private limited company
- 3.2.2 The public limited company
- 3.2.3 Registers
- 3.2.4 Duties of directors

A3.3 Operating and liquidating a company

- 3.3.1 Company meetings
- 3.3.2 The company report
- 3.3.3 Winding up a company

A3.4 Business Names

A3.5 Insolvency

A4 Industrial Relations Law

Time Allocation: 2 Hours

- A4.1 Developments in Industrial Relations Law**
- A4.2 Trade Union and Labour relations**
- A4.3 Trade Union membership**
- A4.4 Lawful secondary action**
- A4.5 Employment protection**
- A4.6 Dismissal**
- A4.7 Other protection for employees**
- A4.8 Industrial training and employment**
- A4.9 Department of employment**
- A4.10 Code of industrial relations**
- A4.11 Summary of rights**

A5 Social Security Law

Time Allocation : 2 Hours

A5.1 Developments in social security law

A5.2 Redundancy payments law

A5.3 State Pensions

A5.4 Social security law

A5.5 Statutory sick pay

A6 Discrimination Law

Time Allocation: 1 Hour

- A6.1 Developments in discrimination law**
- A6.2 Equal pay**
- A6.3 Sex discrimination**
- A6.4 Disabled persons**
- A6.5 Race relations**
- A6.6 Codes of practice**

A7 Safety Law

Time Allocation: 1 Hour

- A7.1 Health and safety at work**
- A7.2 Workplace law**
- A7.3 Control of substances hazardous to health**
- A7.4 First Aid at work**
- A7.5 Employment medical advisory service**
- A7.6 Safety signs**
- A7.7 Display of notices**
- A7.8 Fire precautions**
- A7.9 Safety representatives**

B1 Financial Management

Time Allocation: 4 Hours

- B1.1 The need for funds**
- B1.2 Sources and uses of short and long- term funds**
- B1.3 Internal and external sources of funds**
- B1.4 Accounts and balance sheets**
- B1.5 Capital, ratios and cash flows**
- B1.6 Purchasing and stock control**

8.3.9 Conclusion

The western customer will need to feel comfortable about paying for the RFO's services. This comfort will only be felt if the customer perceives he is receiving similar standards of service to that received elsewhere in the world. The corporate image is an important indicator of that comfort.

8.4 Operations and Financial action Plan

8.4.1 Pricing/Costing model and Financial Forecasting Model

Following the completion of the Operation plan, the financial plan should be produced. Costing and forecasting have been kept separate, using two spreadsheet based models:

- Pricing 1 Costing model, costing of individual journeys; and
- Financial forecasting model, a company wide forecasts for all destinations and all journeys.

The use of these types of models is an intrinsic part of a modern RFO, they should become an every day management tool. Their use gives the management of the RFO a number of advantages:

- Accurate flexible calculation of journey costs
- 'What if capability
- Quick and easy manipulation, especially pricing model.
- Clear presentation capabilities, (useful for company management, customers, banks etc.)
- Monitoring 1 Budgeting tool, when compared to actual costs incurred.

Initially, a clear investigation is required to give thorough understanding of the cost structure of the business. The pricing model must as accurately as possible duplicate the actual costs generated by the operations of the RFO. The process of using the models must not become so onerous as to deter the management of the RFO from using them. It must be possible for the operator to become used to the models as an everyday activity.

- It is important to consider the following:
- Cost drivers, the parts of the operation that create the costs;
- What causes costs to vary;
- Importance of each cost, i.e. ranking by size;
- Identification of variable, semi-variable and fixed costs.

Variances (differences) between the actual costs incurred and the forecast costs need to be analysed. There will be differences in the approach for analysing the variances for the pricing / costing model and the forecasting model

For Costing/pricing model:

- Over or under spends due to Efficiency of Operation;
- Over or under spends due to Changes in Prices 1 Costs;
- Inaccuracies in the model (this should, with corrective action only be of significance when the model is first put into use).

For a particular journey the comparison should be made between variable costs incurred on the run. Each cost heading should match those shown on the costing / pricing model (shown

ANNEX D2-10
International CPC - full teaching notes.

ANNEX D2-11
ASMAP, Moscow training course visit notes

BUSINESS TRIP REPORT

(2-weeks Course of "Organisation of International Truck Transportation" Program, I Stage, Moscow)

- I. The training-consulting centre which was established under ASMAP, has training programs in the following specialities:
- 1) Managers on International Transportation (1st level), 2-weeks course (80-hours program).
 - 2) Managers on International Transportation (3rd level), 2-weeks course (80-hours program).
 - 3) International Directions' Drivers, 2-weeks course (80-hours program).
 - 4) Drivers of Dangerous Cargo Transportation - 2-weeks course
 - 24 hours - basic course (dangerous cargo transportation, 1-9 class)
 - 12 hours - special course (radioactive transportation, 1-7 class)
 - 12 hours - main course (dangerous cargo transportation in tankers)
 - 5) Teachers on training of drivers for dangerous cargo transportation (64-hours program).
 - 6) Russian Transport Inspection, 2-weeks course. In addition, training centre is opening a new course on professional training
 1. International freight forwarder and international freight activities - 2-weeks course (64-hours program)
 2. Currency/Finance and Accounting under international truck transport organisation - 5 days.
- II. According to "Instructions on Licensing procedure for dangerous cargo and passengers transportation, and related transport-freight services in road transport", confirmed by Directive of Ministry of Transport, the following training centres were stated to train and re-train the specialists for the organisation of international carriages:
- 1) Moscow Road Transport Institute, State University (MADI), training centre ASMAP;
 - 2) St-Petersburg Engineering-Economic Academy, training centre ASMAP;
 - 3) Bryansk Institute of Transport Construction, training centre ASMAP;
 - 4) Siberian Road Institute (SibADI), training centre ASMAP;
 - 5) Saratov State Technological University, training centre ASMAP/
- According to this "Instruction...", those senior authorities, entrepreneurs, or authorised persons which have to pass related exam in specialised training centres or to be trained there, can be approached to implement the licensing procedure.
- After the 1st level training the license is to be given only for 1 year, after the 2nd level training and after receiving "Confirmation of full training course and passed exam for professional competence in area of international cargo and passengers transportation" the license is to be given for 5 years term.

III. There were 19 people except us in the group in "Managers of International Transportation" program which lasted from 1 July till 12 July 1996.

Basically there were entrepreneurs, which did not deal with road transport, but which are going to buy vehicles of European standard and willing to transport international cargo privately.

Some of the truck drivers were just drivers, which dealt with truck transport, but from now on decided to become managers.

All trainees passed exams and got certificates. One of them was from Tadjikistan, the rest - from Moscow.

IV. The main problem of ASMAP training centres:

1. Recruitment of trainees. According to the centre's General Director, Moscow and St-Petersburg centres have less problems than others.
2. The 1st level program is very short in main issues for those who doesn't know about the international truck transport organisation. For those who practically knows about it, some of the issues might be interesting.
3. Due to technical reasons the questions of insurance in road transport were not discussed in our group. But we believe this issue would have a detailed interest. For instance, one of the interesting problems concerns the priorities and essence of "Scheme of group insurance of truck drivers' liability". Another example, instead of lecture on "What is New in Taxation" it would be useful to have a lecture on taxation of liable and physical persons, and afterwards to give "What is New in Taxation".

The Program of the 1st stage is attached.

Grigoriadi E.

Nemova N.

ANNEX D2-12
Blank Marketing Forms

Form 8-2 Customer Analysis

Market segment :

Customer Name	Location(s)	Size of Business	Special needs	Current Provider

Form 8-4 SWOT Analysis - Your Business

<u>Strengths</u>		<u>Weaknesses</u>	
1		1.	
2		2.	
3		3.	
4		4.	
5		5.	
6		6.	
7		7.	
8		8.	
<u>Opportunities</u>		<u>Threats</u>	
1		1.	
2		2.	
3		3.	
4		4.	
5		5.	
6		6.	
7		7.	
8		8.	
9		9.	
		1.	
		2.	

ANNEX D2-13
Transport Business Manual

M. Transport Business Manual

CHAPTER D3
A BUSINESS BLUEPRINT FOR ROAD FREIGHT
OPERATORS IN CENTRAL ASIA

A BUSINESS BLUEPRINT FOR ROAD FREIGHT OPERATORS IN CENTRAL ASIA

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ANNEXES

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D3-2	Operator Survey Forms
D3-3	The Transport Management Manual
D3-4	Forms for use in Marketing
D3-5	Examples of completed marketing forms used in the Business Pilot
D3-6	A template for a corporate brochure
D3-7	A template for a corporate slide presentation
D3-8	Guidelines for the selection of vehicles
D3-9	Guidelines for vehicle loading
D3-10	A costing and pricing package for transport operations
D3-11	Whetship Agencies ISO 9001 procedures

1 Executive summary

This Blueprint has been developed as a result of the Business Pilot carried out in Almaty during Summer 1996.

The selection process to find the Central Asian partner is an important one. In the Pilot, it involved the formal and informal interview of a number of enterprises in Almaty. Since the privatisation programme began in Kazakhstan there are a number of Joint-stock transport operators, some of whom appear to be active in both International and domestic transport.

However, these operators still carry the burden of the pre-privatised enterprises in terms of equipment, people, overheads and, most importantly, management style and outlook.

It is considered necessary to strike a fine balance between experience and a newer entrepreneurial approach. With this in mind, the Pilot selected an enterprise called Bayan-Aul which was a trading house in the process of diversifying into Hire & Reward transport. This diversification has started as a development from the use of their own vehicles to support their general trading activity.

This is a trend which was followed by many large European manufacturers and traders during the period 1960-1985 as a number of third party operators grew from such roots. Probably the most obvious example of this was Unilever establishing a third party operator, SPD which became the market leader in distribution in the UK.

The Bayan-Aul organisation proved to be a willing and open organisation displaying the flexibility and flair necessary to act successfully as a partner in such a Pilot. The enterprise was introduced to a large number of western companies and have presented their credentials to them via the marketing programme detailed below. Companies introduced include Sealand, Whestship, Procter & Gamble, Tiller Spedition and Chevron.

The Business Pilot very soon reached a point where further progress became difficult, a point at which the partner, now re-branded as BA Logistics and given a western style image, became very frustrated. All of the potential commercial deals involved BA being able to display:

- a western image
- the capability to provide the service to acceptable levels
- the equipment to carry out the distribution.

Whilst the Pilot was able to provide the first two, providing the third was more of a problem, we were able to supply assistance with the procedures for gaining private funding but sources were not found during the period of technical assistance with Bayan-Aul.

In overall terms, the Blueprint has been shown to be successful in assisting a Central Asian transport operator to systematically examine their market and compile their service offering to match that.

2 Introduction and Instructions to Blueprint Adviser

This Blueprint concerns the introduction of western management techniques and commercial methods to transport operators in Central Asia.

It was developed from a Business Pilot carried out in Almaty, Kazakhstan during Summer 1996 in conjunction with a Kazakh transport operator. Bayan-Aul and a number of European companies.

The main part of the Blueprint involves the Central Asian operator in compiling, with the Adviser, a detailed Action Plan for his business and in so doing examining his service offering, his current and potential markets and his relationship with his customers in a consistent and thorough way.

Transport operators are the same all over the world and are happier out on the market earning money rather than planning their next moves. It is important therefore that the Adviser manages the progress of the implementation rigorously.

To this end, the following section contains an outline of the Blueprint implementation and sections 4-7 contain the detailed stages of the implementation.

3 Implementation Checklist

The Blueprint Adviser should ensure that a senior representative of the partner enterprise is formally selected as Project Manager on behalf of the enterprise.

It is difficult to be prescriptive about this in advance as it depends on the structure of the enterprise. If the main stockholder of the enterprise is also the senior manager with executive powers then that person should be involved as the overall manager, signing off the implementation when it is complete.

If the owner is not involved in the management of the business it is still necessary to obtain his formal commitment to the implementation.

A good relationship needs to be established between the Blueprint Adviser and the enterprise's project manager. To aid this, there has to be a mutual agreement and recognition of the objectives of the Blueprint and the stages of the implementation.

Subsequent stages of the implementation can be delegated to other managers in the enterprise but each stage must be formally signed off and accepted by the stage manager.

3.1 Implementation checklist

Blueprint Section	Date due	Person responsible	Date completed	Signature manager
Selection procedures followed and Enterprise selected				
Formal commitment of main stockholder of enterprise				
Enterprise Project Manager appointed				
Aims and stages agreed				
Current situation research carried out				
Current situation agreed as base point with management team				
Stage manager appointed for Market research and plan				
Marketing Action Plan agreed				
Stage manager appointed for operations and finance plan				
Operations Action Plan agreed				
Marketing Plan implemented				
Costing package implemented				
Pricing Package implemented				
Commercial conduct agreed and implemented (including training)				
Customer service procedures agreed and implemented				
Implementation completed and <u>accepted</u>				

4 Objectives of Blueprint

4.1 The objectives of this business blueprint are:

- 4.1.1 To provide technical assistance to an existing road freight operator in order to provide a commercial proposition including approach to management and service offering that is attractive to European and other western customers
- 4.1.2 To establish contacts and promotional channels which will enable robust commercial deals to be developed between the RFO and European and other western customers

5 Selection of Road Freight Operator

5.1 Introduction

The objective of this stage is to ensure that a rigorous and consistent procedure is applied in the selection of transport operators to receive the technical assistance.

The political and economic situation in the Central Asian republics has been the subject of considerable upheaval during the 1990's. Under the Soviet Union the Ministry of Transport were responsible for all hire and reward transportation. Since the break-up of the Soviet Union these monoliths are being gradually broken up in each Republic.

In some Republics (e.g. Kazakhstan), this break-up is being accompanied and hastened by a burgeoning genuinely independent sector whilst in other Republics the format of the ex-Ministry enterprises is being maintained.

As every organisation has a desperate need to earn hard currency in order to survive there is a great demand to be involved in projects such as this so there is a need to be highly selective when choosing the partner organisations.

The stages in this section are designed to assist in this selection process building on the experience gained in the business pilot.

The stages to be followed are:

- Survey of potential operators
- Initial interview and questionnaire
- Selection

5.2 Survey of potential operators

A survey has been carried out of RF0s in each Republic but this should not be considered at all exhaustive because there is no formal licensing system and therefore no requirement for enterprises to register. The introduction of CPC training into the countries could now be included in the selection process for possible partner companies. The selection process is complicated by the dynamic changes in the market, because of this a new survey is recommended before the start of each implementation.

Sources of information on RF0s are given in Annex D3-1 along with other contact numbers in each Republic. The best sources will be:

- Ministry of Transport
- Goskomstat
- Research Institutes
- Independent Consultants

5.3 Initial Interview and Questionnaire

The main objective of the project is to help establish an enterprise that is capable of providing a service which is credible to western customers. Important criteria for any enterprise to be capable of this include:

- adaptability to accept new ideas and methods
- flexibility to be able to make the necessary changes
- entrepreneurial
- enthusiastic
- good connections commercially and politically

questionnaire to elicit this information is shown in Form 4-1. Some of the responses will also be useful in completing section 5. of the blueprint.

5.4 Questionnaire evaluation and selection of operator

The questions on Form 4-1 are designed to give an impression of the degree to which the enterprise satisfies the selection criteria. You should expect to be able to gather a high number of the following information from the responses (using Form 4-1 as a guide):

1. Truly independent RF0s are unlikely to have been in business for more than 5 years.
2. The business should be owned by the interviewee. Beware of 'Joint Stock Enterprises' which are part owned by a Ministry.
3. The company has been set up recently, this may have been done to take advantage of this project.
4. Independent RF0s tend to be have fairly flat management structures which reflect their entrepreneurial basis.
5. The number of employees should be comparable to a similar enterprise in the west, beware of ex-Ministry enterprises carrying high employee numbers.
6. You should get a good feeling for the adaptability of the company by interviewing their senior management.
7. When discussing the number of vehicles, determine how many are operative. A high number of vehicles for the work load could be another sign of an ex-Ministry enterprise.
8. Determine the company's level of focus or whether it is over-stretching its resources.
9. For each of the companies customers ascertain the type of industry and what proportion each customer represents of the total customer base.
10. Establish the existence/quality of marketing material - the better the material, the more suitable the enterprise is likely to be.
11. Ask to see any existing business and financial plans.
12. If they are able to give realistic growth estimates that are justifiable .
13. Any evidence of earlier attempts to raise finance should be discussed and may display the necessary entrepreneurial flair.
14. Employment of a full time accountant.
15. The use of management accounts as a management tool, and does the company use any PCs is yes what software, how are they used in the running of the business.

The most important thing at this stage is to form an impression of the company. This impression can be added to by a feel of the office, its proximity to the operation and the general demeanour of the people there.

5.5 Questionnaire for selection of Road Freight Operator

Note: This questionnaire should be administered by personal interview with the RF0s

1. How long has the enterprise been in business ?
2. Who owns the business ?
3. For how long has that ownership structure been in place ?
4. What is the organisational structure of the enterprises ?
5. How many people does the enterprise employ ?
6. How is the enterprise managed ?
7. How many vehicles does the enterprise operate ?
 - what make & model
 - year of manufacture
8. What proportion of the business is:
 - within the capital city and surrounding Oblast
 - within the rest of the Republic
 - other Central Asian Republics
 - Internationally
9. Who are their main customers?
 - Revenue
 - Product
 - Proportion of total customer base
 - Historic and possible future growth
10. Do they have any marketing material
 - business cards
 - letterheads
 - brochures
 - advertising material
11. Do they have any formal business plans
12. How do they see their business developing over the next:
 - 1 year
 - 3 years
 - 10 years
13. Have they attempted to raise money through any institutions previously?
14. Does the company employ a full-time accountant ?
15. What management accounts or management information is produced to aid management of the business.
16. Observations (not questions)
 - What is the standard of office?
 - Is the office combined with an operation?
 - Is the office obviously part of another transport enterprise?

6 Establishing the Current Situation

6.1 Objectives of the stage

The objective of this stage is to establish and agree with the owner the current situation of the company, this will represent the clear start point for the project.

6.2 Introduction

Many of the points dealt with in this section will have been covered in passing during the initial selection interviews but the purpose of this stage is for the Advisor to gain in-depth knowledge of the company.

Each of the stages should be carried out on the premises of the RFO and information should, where possible be gained from more than one source within the enterprise. Once all the stages have been completed, there should be a formal presentation by the Advisor to the management team of the enterprise.

6.3 History of the RFO

Plot the history of the enterprise and its main managers. Ideally this should track back over the past 5 years but it is unlikely that it will have been in existence for that long in its current form. Many companies only have records as required for Tax Inspection, these are in the format used under the soviet system, and do allow a high level over-view of the company's size and trends in size. It should be noted that it is very likely that the revenues declared for tax purposes do not give the full picture of the company. If this is the case and the RFO supplies full accounts it is unlikely there will be any corroborative back up that would normally be expected.

6.4 Current ownership

The Advisor should attempt to get a detailed breakdown of the ownership structure of the enterprise. It is likely to be difficult to obtain documentary proof of ownership but the issue should be probed to ensure that the enterprise is as independent as the current State system allows.

6.5 Current organisational structure

It is necessary to ascertain an accurate picture of the current organisational structure of the enterprise. In organisations under the Soviet system, units were large and the structures were deep with many layers of management and much higher levels of manning than in commercial operations in free market economy.

Some independent organisations that have grown out from the Soviet system still reflect that organisational depth. Other, recently developed enterprises show a flatter management structure and lower levels of manning favoured in market economies.

The current organisational structure will give valuable pointers to the style of the company, its flexibility and the scope of its activities. It will also show the level of overheads being carried by the organisation which will affect its pricing policy later in the project.

6.6 Customers served

The purpose of stages 5.5.8 and .9 is to carry out an analysis of the markets currently served by the enterprise. In order to gain the information, the interviewer should the following details about current customers :

- Number of individual customers

For each of top 5 customers

- proportion of revenue represented
 - service provided to that customer
 - length of relationship with the customer
 - resources allocated to that customer
 - the industrial sector of the customer
 - historic trends in work volumes/revenues with each customer
 - expected growth of work with each customer
-

6.7 Markets served

The information gained from 5.5.8 can be used to demonstrate the markets serviced by the enterprise. Care should be taken on presenting this as the enterprise may not be aware of a market-driven approach to its business.

The organisational structure should be reflected in the markets served and the services offered within each. This stage will be carried out more formally within the market research section of 6.4 below and this provides the start point for that.

6.8 Resources and operations survey

It is necessary to carry out an initial audit of the resources of the enterprise. This audit should cover:

- Vehicles
- Mechanical Handling Equipment
- Storage equipment
- Storage Facilities
- Servicing Facilities

For each, note should be taken of:

- Model
- Year of manufacture
- Condition

It is also necessary to gain a picture of the efficiency of the organisation, particularly with regards to its main operational assets. To this end, Annex D3-2 contains an operational survey which should be undertaken over a period of one month if possible to ascertain the efficiency of the vehicle fleet.

This should be analysed to determine initial crude estimations of the operations including:

- average miles run per week by each type of vehicle
- average mile run per week for each customer
- revenue per mile for those customers
- number of miles run empty each week by customer if possible

If warehousing is being offered then the space utilisation of the store should be monitored over a similar period.

6.9 Human Resources profiles and capabilities

It is important to gauge the potential for development of the enterprise with its current management and staff. This should not be presented back to the management team but is essential background to the project as a variety of opportunities emerge.

At this stage this needs only to be a crude subjective measure but a brief profile should be established of each of the owner, key management and key staff outlining:

- numbers
- structure
- responsibilities,
- receptive to new ideas
- initiative i.e. new markets entered, marketing completed etc.
- qualifications / training / experience (leading to: suitability for role training requirements)
- scope to take on more responsibility

6.10 Presenting back the findings

A formal presentation should be made of the current situation to as much of the management team as possible. The presentation should be a series of bullet points on each of the above sections except for 5.5.11.

The outputs of the presentation should be:

- establish a mutually agreed start-point;
- initiate discussion about the future direction of the enterprise;
- assess the capability of the enterprise to manage growth.

Following the presentation and agreement of the current situation the meeting should discuss general aspirations and objectives of the management team as this will provide a good entry point to section 7 - the Development of Business Plans.

7 Development of Business Plans

7.1 Objectives of this stage

The objective of this stage is to produce a series of Business, Financial and Action Plans that can be implemented within the project.

7.2 Introduction

A number of steps which must be followed to compile a researched, feasible and credible Business Plan for an enterprise. It is essential that the enterprise management are fully involved in the creation of the plans and that they have full ownership and so control of the outputs of the business.

This stage follows accepted western planning techniques but also results in a series of Action Plans which are implemented at stage 7 of the project.

7.3 The Mission Statement

The Mission Statement represents a good entry point to the planning process and serves as a foundation on which the objectives of the business are based. This is an important part in the construction of a business plan and is an ideal opportunity for the business to:

- look at the markets it is involved in, and consider the direction in which the company wishes to go; and
- when used as a management tool to keep the management focused on it's objectives.

The Mission Statement does not have to be directly measurable but must be a good statement of the direction of the company and the endpoint it wishes to achieve. It should be limited if possible to 30 words and should be developed in a brainstorm session with as many of the management team as possible to ensure ownership.

The Advisor should try and get across the concept of the company becoming market-driven rather than concentrating on its resources.

7.4 The Marketing Plan

It should be made clear to the enterprise that the output from this stage will be a marketing action plan which will clearly identify a number of actions which will produce, amongst other things:

- marketing literature
- promotional material
- existing and potential customer contact list
- growth objectives

Before the action plan can be completed it is necessary to establish what services the enterprise has to offer and to which customers in which markets these are to be offered. The following stages are based on the 'Business Management Manual' produced in both English and Russian for the seminars held in Almaty in June 1996, . A full copy of the manual is contained in Annex D3-3.

7.4.1 Market Research

- (a) **Market research is the systematic study of all aspects of the market in which the RFO operates. Much of the information required for this stage will have been collected during stage 5.**

The Transport Business Manager (see annex D3-3) gives the background to market research of Road Freight Operators. It essentially contains 4 stages:

- Identification of service portfolio
- Market segmentation
- Customer analysis
- Competitor analysis

Each of these stages is now discussed in detail. Examples of the output used on Bayan Aul are shown in Annex D3-4. Blank copies of the forms to be used are shown in annex D3-5.

(b) Identification of services portfolio

This should contain a list of the services, either currently provided or, which the RFO realistically believes they can supply at a point in the future. For instance, B.A.Logistics already carryout:

- Transportation
- Primary distribution (factory to warehouse)
- Secondary distribution
- Importing

Another sector not currently exploited by B.A.Logistics is petroleum distribution, this is also included in their desired portfolio.

(c) Market Segmentation

Use form 2.1 in Annex D3-5.

Instructions for carrying out the Market Segmentation are included in the Transportation Business Manual (Annex D3-3) and are not repeated here.

(d) Customer Segmentation

Use form 2.2 in Annex D3-5.

Each market segment identified above should be analysed according to the customers Present in it. It is unlikely that information will be available on 'size of business' so estimates should be made in an attempt to determine the relative size of opportunities.

(e) Competitor Analysis

Use form 2.3 in Annex D3-5.

It is important that the RFO is aware of their competition. In markets as dynamic as Central Asia, it is worthwhile for the RFO to carry out regular competition surveys.

7.4.2 SWOT Analysis

Once the firm has studied the market and its competitors the firm needs to understand its self perception. The strengths, Weaknesses, Opportunities, Threats (SWOT) analysis should be carried out with the firm's management team and have their agreement to each section. SWOT analysis should be completed as a group activity, it should consider the RFO's own firm and its Strengths, weaknesses, Opportunities and Threats within a market, a market segment or even in comparison to a single competitor of the firm. Full instructions for carrying out the SWOT analysis are given in the Transport Business Manual and not repeated here. Form 2.4 should be used and a copy is contained in Annex D3-4. The completed form for BA Logistics is in Annex D3-7.

7.4.3 Marketing Mix

The Marketing Plan needs to determine the way in which the services portfolio is to be made available to the customer.

In developing the marketing strategy the following three P's should be used for guidance:

- Product
- Price
- Promotion -

(a) Product

This section should include an audit of services that we planned and a clear definition of what services are on offer. The promotional messages prepared below must contain a clear indication of services offered. What are the key differences of the RFO's services - these need to be identified and exploited for a price premium.

(b) Promotion

Advertising is not a one off. Those RFOs with a high profile may achieve a premium price. A high profile in the market may also reduce price sensitivity within the RFO's market. Ultimately the RFO can gain 'quasi-monopoly' position by creating a highly differentiated product or service than on offer from its competitors.

(c) Price

Product, place and promotion should put your RFO's demand and cost functions into context. However, to complete the rest of the marketing plan the RFO Services must find a position in the market place through the pricing mechanism. RFO's produce similar services but will price differently according to the perception of their services by the customer. If the perception of the service is that it is of high quality it can be sold at a high price. There is no point in selling a high quality product at a low quality price.

All the concepts discussed above develop a 'brand loyalty'. If this can be generated by an RFO it is less likely to face competition from cut-price competitors providing lower quality service. Hence, the integration of the three P's can:

- Reduce the price sensitivity of the service supplied by the RFO.
- Increase profit margins.

7.4.4 Marketing Action Plan

From the above analysis a set of objectives should be listed which should be delegated to staff members with an allocated budget (time or money). Each objective should then be monitored using a separate form that tracks when the objective started and finished, by whom it was completed, the budget spent and the actual task performed. This allows the management to identify which objectives were and were not met and who was responsible. To ensure success in the completion of objectives regular communications are required throughout the period that the tasks are being performed, this will allow corrective action to be taken as early as possible so that the objectives are met.

Forms 2.5 and 2.6 can be found in Annex D3-4. Examples of objectives and resultant actions are shown in Annex D3-7.

7.5 Operations Plan

7.5.1 Introduction

Detailed plans for operations and finance will depend on the characteristics of the RFO:

- its size;
- its structure;
- the services portfolio;
- the accounting conventions of the Republic.

It is not possible to write a blueprint to cover all the detailed possibilities. However, following discussions with Central Asia operators and a number of actual and potential western customers, the following major issues emerged as needing assistance:

- vehicle selection and usage;
- understanding costings and setting price;
- interface with the customer.

This section of the blueprint therefore concentrates on those three issues.

7.5.2 Vehicle Selection

A crucial decision which needs to be made by the RFO is selection of the 'best vehicle for the job'. This needs to be the basis of the operational plan.

The start point for this plan in the services portfolio prepared in Section 6.4. Activity levels for each service should be predicted over the plan period.

Where current contracts are being extended, the survey carried out at Stage 5/Annex D3-2 will reveal the utilisation levels of current vehicles. This will indicate whether the current fleet mix is the correct one.

Annex D3-8 contains some guidelines for the selection of vehicles. The document is designed as part of UK domestic management training but the selection processes are equally valid for Central Asia.

The output from this stage will be a plan for the composition of the vehicle fleet, clarify if necessary during the plan period on different customers and different services come into play.

7.5.3 Costing and Pricing

(a) COSTING AND FORECASTING

Following the completion of the Operation plan, the financial plan should be produced. Costing and forecasting have been kept separate, using two spreadsheet based models:

- Pricing / Costing model, costing of individual journeys; and
- Financial forecasting model, a company wide forecasts for all destinations and all journeys.

The use of these types of models is an intrinsic part of a modern RFO, they should become an every day management tool. Their use gives the management of the RFO a number of advantages:

- Accurate flexible calculation of journey costs
- 'What If' capability
- Quick and easy manipulation, especially pricing model.
- Clear presentation capabilities, (useful for company management, customers, banks etc.)
- Monitoring / Budgeting tool, when compared to actual costs incurred.

Initially, a clear investigation is required to give thorough understanding of the cost structure of the business. The pricing model must as accurately as possible duplicate the actual costs generated by the operations of the RFO. The process of using the models must not become so onerous as to deter the management of the RFO from using them. It must be possible for the operator to become used to the models as an everyday activity.

It is important to consider the following:

- Cost drivers, the parts of the operation that create the costs;
- What causes costs to vary;
- Importance of each cost, i.e. ranking by size;
- Identification of variable, semi-variable and fixed costs.

Variances (differences) between the actual costs incurred and the forecast costs need to be analysed. There will be differences in the approach for analysing the variances for the pricing/costing model and the forecasting model

For Costing/pricing model:

- Over or under spends due to Efficiency of Operation;
- Over or under spends due to Changes in Prices / Costs;
- Inaccuracies in the model (this should, with corrective action only be of significance when the model is first put into use).

For a particular journey the comparison should be made between variable costs incurred on the run. Each cost heading should match those shown on the costing / pricing model (**shown in annex D3-10**) that have previously been investigated and show the most accurate makeup of the journey costs. Price/Cost variances should be investigated and the reasons for the

variances should be investigated in order of magnitude, this should be done for both favourable and adverse variances and for several reasons:

Favourable variances, find the reason for more efficient running and duplicate it by changing operations procedures. Examples of reasons for lower than expected maintenance/repair costs could be caused by;

- Improved maintenance/servicing earlier in the vehicles life, this would extend the life of the vehicle mechanics and thus reduced the failure of parts;
- Better quality spare parts being used, less likely to fail;
- Improved driving techniques;
- Better road quality;
- Higher quality fuel.

Adverse variances may indicate poor operations procedures or a problem with the equipment being used. For example an adverse variance in fuel usage would be caused by either increased fuel costs or increased fuel consumption or a combination of the two. Examples of the causes of increased fuel consumption could be:

- Poor driving;
- Wrong routing;
- Over loading;
- Deteriorating condition of the vehicle perhaps caused by lack of maintenance;
- Theft of fuel.

It can be seen that not all the possible causes of both favourable and adverse variances can be controlled by the RFO but most can be. Once the causes are identified they should be acted on and the operating procedures changed accordingly.

The uses of the Pricing / Costing model would be:

- When developing the company financial forecast ;
- When setting job prices, for example when discussing possible jobs on the telephone, alterations could be made quickly and give an accurate indication of costs and so possible prices;
- On deciding if to go into a certain area of the market or alternative routes;
- When appraising different models / sizes of vehicle.

For the Forecasting model:

- Price/Cost variance;
- Volume variance.

The forecasting model is made up of information from the pricing model for each route and the number of times that route is completed. Because of the inclusion of the number of trips made, 'Volume variance' becomes an important factor in the analysis of variances. It is very likely that the number of trips that are actually completed will be different from those forecast. The splitting of the total variances in this way allows the splitting of the volume variance from the Price/cost variance which can both be analysed in detail.

Inaccuracies in the model should be a minimum by the time that the forecast is produced as these should be identified by the feed back process for the costing / pricing model.

The accuracy and so the usefulness of the models is vital and this is improved by the use of feed back information. This requires the variance that are calculated between the actual costs incurred and the forecast costs produced by the model and inaccuracies in the modelling.

The forecasting model covers all operations of the RFO and so is useful in predicting:

- Profit and loss;
- Cash flow;

- Debt requirement;
- peaks and troughs in Profit and cash flow;
- Profitability of different sectors of the business.

(b) SETTING PRICES AND PRICING POLICY

There are four ways to increase profits (these can be combined):

- cutting costs;
- increasing sales volume;
- change product mix;
- increasing prices.

The RFO's aim should be to set it's prices to make as large as profit as possible but there are a number of matters to consider before setting prices:

- The costs of the activity being priced, what margin is required;
- competitors prices;
- Is the RFO trying to increase market share;
- What your customer expects to pay, and what is their price sensitivity;
- the volume of product you wish to sell;
- what price conveys to your customers, do potential customers relate high price to high quality.

7.5.4 Customer Interfaces

In order to provide a service which is differentiated from other Central Asia transport operators and attractive to western customers, it is necessary to plan for excellence in all aspects of customer contact.

is includes the basic conduct of business in transport.
service conduct can be implemented with the transport

This conduct code has already been utilised by Whestship, the European partner on the project as part of its ISO 9002 procedures for Central Asia.

8 Implementation

8.1 Objectives of this Stage

The objective of this stage is to implement the marketing plan that has been developed in the previous section. The way the marketing plan is implemented will depend on which market the RFO has chosen to target.

8.2 Introduction

The whole of this section pivots on the concept of quality assurance. In order for your RFO to operate to international standards it must aim to comply with the International Standards Organisations (ISO) requirements. In fact, GIBB's experience in Kazakhstan has revealed that at least one major freight mover is insisting that the companies they work with comply with

basic ISO 9002 standards. This standard ensures that the supplier of a service (an RFO) conforms to certain standards.

8.3 Marketing Action Plan

A key driver in the Marketing Action Plan is to develop a commercial proposition to Western companies which will make them feel comfortable doing business with the RFO.

8.3.1 Develop Corporate image

An important issue in the establishment of the comfort factor is corporate image. All letters taxes documentation etc. should comply with a company image. The client should be able to identify your product through the image the RFO gives. Non conformity of the product will confuse the client and lead them to believe that the RFO is disorganised and undermine the company image. This 'image' is particularly important for those RFO's wishing to create 'brand loyalty' as discussed in the marketing mix section. A good image creates a good feeling about your company and give you a better reputation.

8.3.2 Develop Corporate Name and Logo

However it should be made clear to management that importance of a corporate image which suggests Western management capability. The RFO may be perfectly happy with the name and logo that they have already. Once the marketing strategy has been developed the name or the logo that the company has may conflict with the new strategy. Hence, it is important to identify from your marketing plan why companies are going to buy from you. Is the image going to be based around quality, price or level of service. A company attacking the market but under-cutting prices may want a different image from one that sells on quality and high price.

8.3.3 Develop Corporate Brochure

Again the development of the brochure should shadow the marketing plan. It should describe the service the RFO is offering, why it is unique, why the customer should choose the RFO above any other. Obviously the image of the brochure should be in line with the company image, i.e. contain the logo and a short sentence that captures the essence of your RFO. A template of a brochure is given in Russian and English on diskette and an example of a brochure prepared in the BA Logistics Business Pilot is shown in Annex D3-5.

8.3.4 Establish Sector Customer Database

Using the same market segmentation as in Form 2.1, comprise a database of companies / organisations who may be potential customers. As a minimum, this should include:

- Company Name
- Address
- Telephone/Fax/E-mail co-ordinates
- Name of CEO or most senior manager
- Name of Transport manager or Supervisor
- Country of parent company (if appropriate)
- Date and form of current contact.

8.3.5 Produce Corporate Presentation

A professional audio-visual presentation with computer-generated acetates is the minimum requirement for a good presentation of the RFO's credentials to potential customers.

A template is provided and Annex D3-7 shows the presentation compiled for the BA Logistics Pilot. The key elements of the presentation would be:

- brief company history
- summary of resources
- capabilities in each market segment currently working in or under consideration
- future plans

This minimum should, if possible be supplemented with 35mm slides of vehicles, warehouses and staff.

8.3.6 Arrange Presentations to Customer

Customer events should be held so as to attract potential customers to hear first hand the capabilities and service offered of the operator.

Where possible it is better to target events so that the people attending the event know that by attending they will also meet other people with similar interests.

This may be achieved by targeting specific industry groups (perhaps at the same time as a trade show) or even national groupings.

The embassies of most countries organise monthly or quarterly meetings to expatriate managers. Find out who organises them for each embassy and arrange to sponsor the refreshments in exchange for a thirty-minute presentation.

Self arranged events should be in good standard locations - if possible which have relevance to logistics. When an event is held, ensure that there is plenty of promotional material present. Also ensure that as many as possible local managers are present, complete with adequate interpreters. No matter how good the presentation, business is only done through personal contact.

8.3.7 Produce Advertisements

The type of advertisement that the RFO decides to use, i.e. press, mail-shot, television etc. will depend on the image, the message they wish to send to the market and financial and personnel resources. It may be that your client is so remote that access to paper is not easy - in this case mail-shot maybe more appropriate.

If the RFO has a member of staff responsible for marketing then they probably already acknowledge the importance of marketing. It is important to keep account of the amount spent on advertising and other marketing activities. This expenditure could be measured in terms of how many sales leads are achieved though each pound spent.

8.3.8 Produce Events Database

It is advisable to produce a database of events which are being held in the country on a rolling 24-month basis. Contact each embassy and representative office and full details of:

- Visiting Trade Missions
- Trade fairs sponsored by their nationals.
- Private visits by companies from that country.

Visiting trade missions and Trade Fairs often go together and usually have accompanying catalogues or magazines which may prove suitable organs for advertising - if their presence is known about in advance.

in annex D3-10) that have previously been investigated and show the most accurate make-up of the journey costs. Price/Cost variances should be investigated and the reasons for the variances should be investigated in order of magnitude, this should be done for both favourable and adverse variances and for several reasons:

Favourable variances, find the reason for more efficient running and duplicate it by changing operations procedures. Examples of reasons for lower than expected maintenance / repair costs could be caused by;

- Improved maintenance / servicing earlier in the vehicles life, this would extend the life of the vehicle mechanics and thus reduced the failure of parts;
- Better quality spare parts being used, less likely to fail;
- Improved driving techniques;
- Better road quality;
- Higher quality fuel.

Adverse valances may indicate poor operations procedures or a problem with the equipment being used. For example an adverse variance in fuel usage would be caused by either increased fuel costs or increased fuel consumption or a combination of the two. Examples of the causes of increased fuel consumption could be:

- Poor driving;
- Wrong routing;
- Over loading;
- Deteriorating condition of the vehicle perhaps caused by lack of maintenance;
- Theft of fuel.

It can be seen that not all the possible causes of both favourable and adverse variances can be controlled by the RFO but most can be. Once the causes are identified they should be acted on and the operating procedures changed accordingly.

The uses of the Pricing 1 Costing model would be:

- When developing the company financial forecast;
- When setting job prices, for example when discussing possible jobs on the telephone, alterations could be made quickly and give an accurate indication of costs and so possible prices;
- On deciding if to go into a certain area of the market or alternative routes;
- When appraising different models 1 sizes of vehicle.

For the Forecasting model:

- Price/Cost variance;
- Volume variance.

The forecasting model is made up of information from the pricing model for each route and the number of times that route is completed. Because of the inclusion of the number of trips made, 'Volume variance' becomes an important factor in the analysis of variances. It is very likely that the number of trips that are actually completed will be different from those forecast. The splitting of the total variances in this way allows the splitting of the volume variance from the Price / cost variance which can both be analysed in detail.

Inaccuracies in the model should be a minimum by the time that the forecast is produced as these should be identified by the feed back process for the costing 1 pricing model.

The accuracy and so the usefulness of the models is vital and this is improved by the use of feed back information. This requires the variance that are calculated between the actual costs incurred and the forecast costs produced by the model and inaccuracies in the modelling.

The forecasting model covers all operations of the RFO and so is useful in predicting:

- Profit and loss;
- Cash flow;
- Debt requirement;
- peaks and troughs in Profit and cash flow;
- Profitability of different sectors of the business.

Setting Prices and Pricing Policy

There are four ways to increase profits:

- cutting costs;
- increasing sales volume; & change product mix; a increasing prices.

The RFO's aim should be to set ifs prices to make as large as profit as possible but there are a number of matters to consider before setting prices:

- the costs of the activity being priced, what margin is required;
- competitors prices;
- is the RFO trying to increase market share;
- what your customer expects to pay, and what is their price sensitivity;
- the volume of product you wish to sell;
- what price conveys to your customers, do potential customers relate high price to high quality.

8.4.2 Commercial Business Conduct

It is necessary to ensure that the RFO has a means of conducting business which is transparent to the western customer and is based around similar ways of working to the west.

This section makes the RFO aware of

- alternative methods of payment
- documents and records:
- quotation
- the order
- the invoice
- the credit note
- the debit note
- the statement
- the consignment note and waybill Each of these are now covered in turn.

Methods of Payments

Payment by a customer for goods or services can be made to the producer or supplier in a number of different ways. Most obvious ways are cash and cheques.

A substantial amount of business is carried on by means of credit. Credit can take may forms, ranging from the informal credit of taking time to pay an invoice to the legal contract constituted by an agreement of one form or another; e.g. a hire purchase or credit sale agreement.

Cash The direct exchange of money for goods is the most comment form of payment. Most small-scale transactions are performed in this way. The term 'cash' in fact includes cheques and other forms of direct payment in which an immediate payment is made to complete the transaction.

Credit is the granting of the use or possession of goods and services without immediate payment. There are two main types of credit: consumer and trade.

Consumer credit - Credit extended formally and informally by shopkeepers, finance houses, and others to the ordinary public for the purchase of consumer goods.

Such credit includes:

Paying for goods in arrears - e.g. within one month of supply - in effect a loan from the supplier. Provided he has advised the purchaser at the time of purchase, the supplier may charge interest on amount not paid within the agreed period.

Credit cards - allowing repayment over a period - in effect a bank loan.

Budget accounts - where a regular monthly payment allows goods to be purchased up to many times the value of the payment - a loan from the trader.

Hire purchase and credit sale agreements - In a hire purchase agreement, the goods are hired to the user who is given an option to purchase them. In a credit sale, the goods become the property of the purchaser upon payment of a deposit or first instalment, the balance being paid through five or more instalments.

For all, except paying in arrears, interest or servicing charges will be made. Where a charge for credit is made the creditor will usually require a credit licence issued by the Office of Fair Trading under the Consumer Credit Act.

Trade credit - Virtually all exchanges in manufacturing industries, services and commerce are conducted on credit.

At the very least this takes the form of credit extended for a specified term, e.g. 14 days, one month, 60 days, by materials suppliers to manufacturers to wholesalers to retailers. Firms may allow small discounts to bridge the gap between the production and sale of goods, i.e. he may produce goods using raw materials he has not paid for and hope to sell them before he has to. At the same time, however, he may allow his customers credit and so may himself be kept waiting for payment. The money he needs to finance this credit is, of course, part of his working capital.

Trade Discount - the amount of trade discount allowed will vary according the quantity and nature of the goods. Articles which have a quick sale and are not kept in stock for a long time, e.g. tobacco and confectionery, have a relatively low rate of trade discount. Other articles, such as pianos and furniture, which may have been in stock for many weeks before a sale is effected, are often subject to a high rate of discount making it worthwhile for the retailer to incur the trouble of stocking such slow moving articles.

Trade discount is the discount allowed to the trader against the suppliers catalogue selling price. The resulting price is sometimes known as the 'wholesale' price.

Documents and Records - most of the millions of business transactions which happen daily are straightforward sales of goods for cash. For such transactions, so specific record is kept. For other more complex transactions, especially those taking place over a long period of time, formal records are usually needed, so that reference can be made to them. One form of record kept by all business is the books of account. Other records take the form of documents passing between the buyer and the seller in a transaction. Both sides will usually duplicate copies of the documents used. A typical transaction between a wholesaler and a retailer, or a manufacture and a client may involve some or all of the following documents and records.

Quotations and Estimates

Quotation - A retailer makes an enquiry to a supplier about purchasing goods. The supplier replies with a quotation which may be a price list. The quotation states:

- prices at which goods can be supplied;
- terms including discounts available;
- cost of carriage of the goods;
- time required for delivery;
- period for which the price will remain valid.

Where the term 'Carriage Forward' is used, this means that payment for transport will be the responsibility of the Consignee.

Where the term 'Carriage Paid' is used, this denotes that the carriage charges will be paid by the sender of the goods.

Estimates

An estimate, as opposed to a quotation, is given when the person asked to perform a task cannot be absolutely sure of the work and expense involved. For example, when a vehicle repairer is asked to repair a vehicle and he is unable to ascertain the condition of the faulty parts and the amount of repair/replacement work necessary without stripping the vehicle down. This stripping down would cost money and the repairer would not be prepared to do this unless he was paid for it. Equally, the customer would not wish to spend such money until he had a fair idea of the cost of the repair and who he was going to give the job to.

Estimates, rather than quotations, are also sometimes given because to give a quotation involves the repairer in more work, as a quotation is expected to be accurate. It involves him in stating precisely what it will cost to complete the work satisfactorily, replacing/repairing the parts and supplying the labour. He will not want to involve himself in this rather risky commitment if he is not reasonably certain of getting the job. You will all know of companies who, when one of their vehicles is damaged, require (perhaps) three 'quotations' for the repair work, even though they are pretty certain which repairer will get the job. The other repairers approached are only being used to check the market so ensure that the best price / benefit was achieved.

In order to cover for any unknown factors that may arise, when the repairer gives an estimate he will say that if, when the vehicle is stripped down, and he is more accurately able to state the cost of repair, he will give a revised estimate or even a quotation. He will then be able to offer alternative solutions to the problem such as repairing the worn items or replacing them with new parts.

Equally, the customer should ensure that the repair is not too high by stating that the repairer may go ahead with the repair as long as certain criteria are met. Either that the customer is only prepared to pay up to a certain amount, or, that as soon as the repairer realises that the work is likely to cost above a certain sum he, the customer, should be advised.

Order

An order is a request by a customer to be supplied with goods or services. An order for goods following consideration of the quotation will usually include the following and may take the form of a specially printed order form:

- an order number, which can be quoted in any correspondence;
- names and addresses of both parties;
- description of goods. catalogue numbers. etc.;
- prices - in practice price may not always appear on an order;

- delivery date required;
- address for delivery;
- any special circumstances, e.g. instruction about delivery or packaging.

Orders may well be made in a duplicate book so that the customer can keep a carbon copy of the order sent to the supplier, see annex D3-10-b for example of order form.

Invoice

The most important document in the transaction is probably the invoice which reveals to the customer exactly how much is due for the delivery of goods. It is, in other words, the bill, prepared usually in duplicate. The customer will use his copy for recording the purchase in his records and for checking the goods. The suppliers copy is a record of sale.

The invoice is then sent ahead of the goods, in which case it takes the place of an advice note - a document informing that goods are shortly to arrive. The expression 'Account Rendered' is used to indicate that goods and services have been invoiced for payment. Detailed include:

- order number;
- addresses;
- suppliers VAT Registration number; quantities, description and prices; terms of payment;
- form of delivery.

In addition, an invoice may include:

the letters E.& O.E., an abbreviation for Errors and Omissions Excepted - a safeguard against clerical errors in the invoice. The customer will check the goods received against the invoice, inform the supplier of any inconsistencies and file the invoice for future reference. A delivery note would be a similar document without the price column, this document, in duplicate usually accompanies the goods and one copy will be signed by the customer receiving them. It is retained by the carrier as a form of evidence of receipt and may be used when proof of delivery is required, see annex D3-10-c for example of an Invoice.

Credit Note

A credit note is sent by the supplier to the customer crediting him with the amount shown for one or more of a number of reasons.

For example:

- goods overcharged;
- goods damaged;
- wrong or inferior goods sent and returned;
- deposit refunds, e.g. on cases returned;
- invoice sent to the wrong customer.

This is the usual way to correct a fault in the transaction which has resulted in the customer having paid too much, or having credit owing to him. An amended invoice might be sent instead but in no circumstances should the original invoice be altered, see annex D3-10-d for example of a credit note

Debit Note

The counterpart to the credit note is the debit note where an adjustment is needed to an invoice when the customer owes an additional sum to the supplier. A debit note might be used in the following circumstances:

- more goods delivered than invoiced;

- goods undercharged, incorrectly priced;
- better quality goods sent;
- omissions in the invoice

The customers account would be debited accordingly with the additional amount.

Statement

At the end of each trading period, usually monthly but sometimes more often, the supplier will send the customer a statement of account which summarises his financial position with him and requesting payment of the outstanding balance. It is a copy of the customers account as recorded in the suppliers ledger and it shows:

- cash discount available;
- totals of invoices for the period;
- adjustments for credit and debit notes;
- outstanding balance due.

A hauliers record of account for a customer will show at the beginning of a particular period an opening balance. This will be the amount of money owed by the customer to the haulier for work performed, but for which payment has not yet been received.

Below this figure will be set out individually the sums of money (cheques, etc.) receive from the customer, which have been credited to his account and any additional charges made against the customer for subsequent work done, which are debited to his account, see annex D3-10-e for an example of a statement.

The invoice must be distinguished from the statement. An invoice informs, giving detail and makeup of a delivery for goods enabling the customer to check against his order and what goods he received. A statement is a request for payment of the outstanding amount due. It does not give details beyond the totals of transactions and cross references to the relevant outstanding invoices covered by the statement.

Consignment note and waybill/delivery note

This is a formal instruction to the transport firm / department to accept the goods and deliver them to the customer. The driver should ask the customer to sign a copy of the consignment note as proof that the goods have been delivered. Thus, it is similar in function to the delivery note but is normally only used when the carrier is a third party i.e. not the supplier or the customer.

A waybill or delivery sheet is normally made out by a carrier, detailing for his drivers convenience, the list of consignments received from various senders for delivery to particular customers on his delivery round. It will provide space normally in column form for:

- the consignment note numbers;
- names of senders;
- names and addresses of consignees;
- description of package(s) and weight; and
- whether any money should be collected.

It also has a space for the consignees to sign to record receipt of the consignment and whether the consignment was received in good order.

ANNEXES

ANNEX D3-1
Transport operators and general contacts in Kazakhstan

ANNEX D3-2
Operator Survey Forms

ANNEX D3-3
The Transport Management Manual

ANNEX D3-4
Forms for use in Marketing

ANNEX D3-5
Examples of completed marketing forms used in the Business Pilot

ANNEX E

Market Segmentation

FORM 2.1 - Market Segmentation

Service : Importing / Primary Distribution				
Segment Number	Industrial Sector	Geographical Area	Number of Potential Customers	Segment Size
1	Textiles	Chimkent / Tashkent	1	100 k US\$
2	Consumer goods	Almaty/Bishkek	100	10 m US\$
3	Industrial Goods	Almaty	50	5 m US\$
4	Office Furniture	Italy	1	100 k US \$
5	Timber	Russia	1	50 k US \$

FORM 2.2 Customer Analysis

Market segment : Consumer goods				
Customer Name	Location(s)	Size of Business	Special needs	Current Provider
Proctor & Gamble	Almaty/Bishkek	50 k mT	Railhead clearance	Spot hire
Philip Morris	Almaty/Chimkent/ Karaganda	1.2 M mT	Experience, Reliability, Security	BA Logistics

FORM 2.3 Competitor Analysis

Market Segment : 2. Consumer Loads				
Competitor Name	Location(s)	Services Offered	Major Customers	Prices Achieved
Mustang Cargo	Almaty	Western Trucks, warehousing,	Various	
Western European Companies	Western Europe	Western Trucks, Quality Service	Chevron	
National Distribution Company	Kazakhstan	Secondary distribution, Warehousing, security	Philip Morris	

FORM 2.4 SWOT Analysis - Your Business

<u>Strengths</u>	<u>Weaknesses</u>
<ol style="list-style-type: none"> 1. Local Market knowledge 2. Entrepreneurial 3. Italian & German contacts 4. Knowledge of Western standards of operation 5. Responsive, flexible management 	<ol style="list-style-type: none"> 1. Poor equipment 2. Lack of knowledge of international markets 3. Little formal management training 4. Lack of financial backing 5. Lack of market focus
<u>Opportunities</u>	<u>Threats</u>
<ol style="list-style-type: none"> 1. New and Expanding market 2. Specialisation - Local distribution 3. Increase licensing to remove unfair competition 4. Increasing presence of western companies 	<ol style="list-style-type: none"> 1. Increasing competition 2. Increasing cost due to Western standards of operation 3. Lack of speed in decision making 4. Entry of western companies to the market

FORM 2.5 Marketing Objectives

Objective	By Whom	Budget
1. Increase market share - local distribution, international haulage	HB	
2. Increase quality of service - International CPC	KI / HB	
3. Increase company profile - advertising, trade fairs	HB / AB	
4. Increase operational efficiency	KI	
5. Longer term commitment to specialisation	HB	

HB Mr Bisciltanov President, BA Logistics
 KI Mr Ibragimov Transport Manager BA Logistics
 DG Daniel Giblin GIBB Ltd
 AB Alex Boulting GIBB Ltd
 MJ Mick Jackson

Form 2.6 Marketing Action Plan and Budget

Objective					
Task	Start Date	End Date	By Whom	Budget	Task Done
Agree service portfolio	01/08/96	10/08/96	HB / KI / AB / DG		✓
Agree Corporate logo	10/08/96	17/08/96	HB		✓
Produce draft corporate brochure	10/08/96	20/08/96	AB / HB		✓
Finalise brochure	30/08/96	31/08/96	HB/ KI / AB		✓
Compile draft corporate presentation	10/09/96	11/09/96	HB / MJ		✓
Finalise presentation	10/09/96	11/09/96	HB / MJ		✓
Present to corporate customers	12/09/96	12/09/96	HB		✓

ANNEX D3-6
A template for a corporate brochure

SERVICES

Central Asia is a growing market where multinational companies are now well established. As the capital of Kazakhstan Almaty is at the centre of this activity. Hence **BA Logistics** can offer the following services:

Perfect understanding of the local market

Severely undercut Western costs for the same quality service

Staff professionally trained to western standards of management

As Kazakhstan borders China, Russia and other Central Asian countries there is enormous potential for extending trade relations through **BA Logistics**.

These unique offerings put **BA Logistics** in a different class to other local trucking companies.

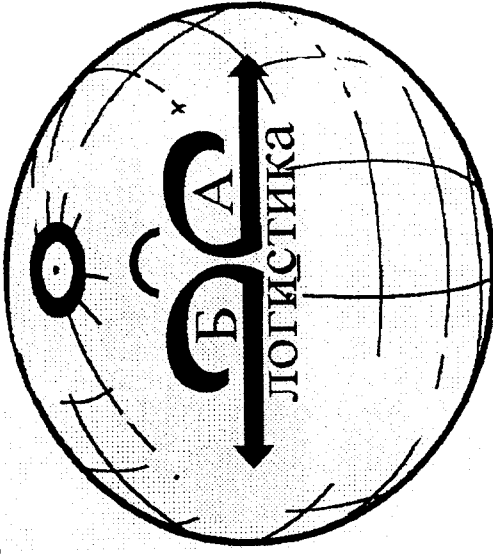
Quality service now...

... for increasing future growth

BA LOGISTICS

'EFFECTIVE LOGISTICS
SOLUTIONS'

*Solutions to today's
problems for*



*... logistics in a period of
transition*

10

BA LOGISTICS

480016, Almaty

St. Eunaeva 18

Tel: (7 3272) 33 59 73

Fax: (7 3273) 33 62 66

EXPERIENCE

BA Logistics is a rapidly developing truck haulage and warehousing company in Almaty - Kazakhstan. **BA Logistics** started as a satellite company to Trade House Bayan Aul. Now **BA Logistics** is a *100%* *independent private company* owned and managed by local personnel. Demand for **BA Logistics** services increased due to *international contracts* signed with foreign companies. These companies are:

Philip Morris

Daewoo

Sea-Land

Procter & Gamble

To respond to increasing demand **BA Logistics** is currently increasing its fleet by purchasing trucks from a *Western truck manufacture*.

BA Logistics views their future development in both international and domestic truck haulage.

AIMS

BA Logistics aims are to provide a high quality international service with cost effective solutions. At **BA Logistics** our philosophy is simple:

Cost effectiveness

Efficiency

Quality of service

All these factors will increase our clients profitability in the region!

These aims are achieved through our *Certificate of Professional Competence* qualification gained from the *Freight Transport Association* in the UK. This will facilitate **BA Logistics** effectiveness in the market place as being the only certified haulage company operating at *Western standards of management*.

SKILLS

BA Logistics has skills in the following fields:

Solutions to problems of customs control

Specialised delivery

Quality guarantee

PRACTICAL SOLUTION OF PROBLEMS...

BA Logistics offers practical solutions to problems by developing close relationships with clients

...AT AFFORDABLE PRICES

We will always help you to decrease your costs.

Call Almaty (3272) 335973

ANNEX D3-7
A template for a corporate slide presentation



BA Logitics

Mr Biscultanov - President

Introduce yourself as the President of BA Logistics and that Tacis came to you to offer technical assistance in your business strategy. Part of this strategy is to market BA Logistics both locally and internationally. (Turn to Slide 2)

Overview



- Introduction
- Meeting Customers Needs
- Cost Analysis
- Service Offerings
- Key Benefits
- Vision Statement

This is an overview of the whole presentation. Here you will address how BA Logistics built up its current client base through meeting customer needs both in price and time. Also you will explain the key benefits of Western companies using BA Logistics and how BA Logistics perceive their future. But firstly you must start with the introduction to the company. (Turn to slide 3)

Introduction



- Where is Kazakstan ?
- What is the current state of business ?
- How did BA Logistics emerge ?
- What services do BA Logistics offer ?
- What is the future of BA Logistics ?
 - Local Distribution
 - International Distribution
 - Customs & Warehousing

Show where Kazakstan is on the map and its strategic importance with respect to China, Russia and Europe. Outline the current state of business mention that Coca Cola, Phillip Morris, Proctor & Gamble and other large Western companies are there and that GDP is starting to increase from next year, hence, it is a prime time to invest. Explain that BA Logistics emerged out of this growth and that there services had to respond to changing market needs. Explain how you percieve BA Logistics to grow with respect to local and international distribution, customs and warehousing.

Local Distribution



■ Current clients

- Motoroil
- Phillip Morris
- Sea-Land
- Procter & Gamble

■ Future clients

- Chevron
- Esso

BA Logistics

Contract secured from Phillip Morris due to one year of high performance. Sea-Land had a problem with a 26 ton 40ft container which BA Logistics solved. Moving goods from Almatly to Bishkek for Procter & Gamble representative.

International Distribution



■ Problem of Empty Running

- Lack Exports Effects Competitiveness

■ Current Clients

- Almaty - Moscow - Italy triangle
- China

■ Future Clients

- Whestship
- Germany

BA Logistics

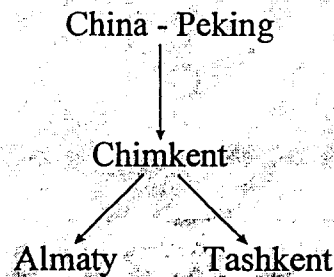
The lack of exports from Kazakstan means that any international transport originating in Kazakstan contains an element of empty running. This affects the companies competitiveness on the international market. However, BA Logistics have overcome this problem by carrying full loads between Almaty, Moscow & Italy. BA Logistics is also involed with importing clothes from China which it then distributes locally..

Customs & Warehousing



- Complete Customs Clearance integrated with Warehousing facilities

- Example



BA Logistics

BA Logistics give a total service including the customs clearance and warehousing facilities. In the example BA Logistics fly in goods from Peking. Once they land in Chimkent they are distributed to both Tashkent (capital of Uzbekistan) and Almaty. In both these towns warehousing facilities are provided for the goods until they are needed by the client. The client only has to pay once in Peking and his goods are given warehousing space in the two most strategic cities in Central Asia.

Service Offering



■ Cost Effective

- Low Labour Costs
- Low Fuel Costs
- Western Equipment

■ Efficient

- CPC Trained
- Entrepreneurial Staff
- Understand Local Situation
- Experience with Western Customer Requirements

'Responsiveness through personal service'

BA Logistics

BA Logistics can out-compete any Western trucking company on price due to the lower operating costs. BA Logistics can also out-compete trucking companies in Almaty because of CPC Training, the entrepreneurial flair of their staff and their understanding of the local situation. Because of their flat management structure they they are highly responsive to the clients needs - give the example of overloading problem at the Kazah/Kyrgyz border they covered the costs immediately. BA Logistics also appreciate the importance of maintenance and check their vehicles after every trip. They also offer free warehousing as BA Logistics feel that once a company works with them once they won't be able to stop!

PRICING COSTING MODEL

INPUT PAGE

Conclusion



*BA Logitics offers solutions to
today's problems for*

... logistics in a period of transition

ANNEX D3-8
Guidelines for the selection of vehicles

Vehicle Selection

1. Basic Considerations

The correct choice of vehicles is governed by the need for efficient and economic operation and is dictated by the details of the business, the circumstances in which, and the legal framework within which, the vehicles will operate. At the simplest level, the choice will be dictated by:

Drivers' licensing The availability of suitably qualified drivers.

Operator's licensing The scope for, or desire to avoid the need for an O-licence, by purchasing vehicles for which such a licence is not required (see Section FI).

Types of traffic and operation What sort of goods are carried? Rural or urban deliveries? To what size of premises/ entrances/unloading bays?

Maintenance Whether facilities already exist for servicing and maintaining new vehicles of the proposed type? Whether adequate maintenance standards can be maintained to satisfy O-licensing requirements? (See Section FI.)

The following vehicle definitions and considerations will have to be taken into account.

2. Definition of Vehicles

The Construction and Use (C and U) Regulations 1986, categorise motor vehicles into various classes according to their description and unladen weight.

Motor car A mechanically propelled vehicle constructed or adapted to carry a load or passengers:

- if solely for not more than seven passengers and their effects, with an unladen weight of not more than 3,050kg;
- if for the carriage of goods, with an ulw of not more than 3,050kg;
- in any other case, with an ulw of not more than 2,540kg.

Heavy motor car A mechanically propelled vehicle which is not a motor car and which is constructed or adapted to carry a load or passengers, with an unladen weight exceeding 2,540kg.

Motor tractors and locomotives A mechanically propelled vehicle which is not constructed itself to carry a load other than the following articles: water, fuel, accumulators and other equipment used for the propulsion, loose tools and loose equipment and the unladen weight of which:

- 1 does not exceed 7,370kg is classed as a motor tractor;
- 2 exceeds 7,370kg is classed as a locomotive.

In addition the following terms are provided in other legislation for specific purposes.

Large goods vehicle (This definition is only relevant in connection with lgv driving licence matters.)

- an articulated goods vehicle; or
- a large goods vehicle (not an articulated vehicle), ie a motor vehicle constructed or adapted to carry or haul goods the @um permissible weight of which exceeds 7.5 tonnes.

Small goods vehicle A motor vehicle constructed or adapted to carry or haul goods with a permissible maximum weight (ie plated weight) not exceeding 3.5 tonnes.

Medium-sized goods vehicle Similar vehicle which exceeds 3.5 tonnes but not 7.5 tonnes permissible maximum weight. These terms 'small', 'medium' and 'large' in relation to vehicles are relevant for deciding the minimum driving ages for different classes of vehicle.

The terms 'motor car' and 'heavy motor car' are widely used to indicate whether or not a legislative requirement applies to a particular vehicle.

3. Main Types of Goods Vehicles

Rigid vehicle A motor vehicle not constructed or adapted to form part of an articulated vehicle.

Articulated vehicle A heavy motor car or motor car with a trailer superimposed on it so that when the trailer is loaded not less than 20% of the weight of the trailer is borne by the drawing vehicle. When coupled up, an articulated vehicle, is treated as a motor vehicle plus trailer.

Trailer A vehicle drawn by a motor vehicle.

Semi-trailer A trailer partially superimposed on its drawing vehicle in such a way that a substantial part of the weight of the trailer is borne by the drawing vehicle.

4. Maintenance

- What maintenance facilities already exist for a particular type of vehicle?
- Will an additional vehicle mean new arrangements must be made, eg contracting out for the maintenance of a new type of vehicle?
- What, if any, special maintenance problems does a particular vehicle have, eg service intervals, down-time?
- Can maintenance standards be maintained to satisfy the licensing authority and avoid possible revocation, suspension or curtailment of an O-licence?

5. Overall Considerations

Choosing the correct vehicle is important not only for commercial reasons, ie efficiency, quality of service, economy of operations; but also for safety reasons, ie effective maintenance and safe operation; for personnel reasons, ie availability of suitable drivers; and legal reasons, ie the requirements for suitably licensed drivers, and for an O-licence which covers additions to an operator's fleet.

A 'Which' type guide to goods vehicles can go so far, but it cannot answer the questions relating to drivers and O-licensing.

These are individual questions for the individual operator.

ANNEX D3-9
I. Guidelines for vehicle loading

ANNEX D3-10
A costing and pricing package for transport operations

ANNEX J

Costing & Pricing Package

- J.a Price List
- J.b Order form
- J.c Invoice
- J.d Credit note
- J.e Statement
and Software

Price List

CAVeP Ltd
Central Asian Vehicle Parts Ltd

No.1 ABC Road
 Any Town
 Somewherestan
 Tel: 00 7 1111 10 10 10
 Fax: 00 7 1111 10 10 11

Price List Clutches
Fuel Injectors
Alternators

Alphabetically

Description	Truck Manufacturer Part No.	Part Manufacturer	Vehicle Make	CAVeP LTD Part Number	Standard Price per unit	DISCOUNT			
						Volume	%	Price per unit	Discount per unit
Clutch	V-CL-1000	Volvo	Volvo	Cl-Vo-Vo-101	300.00	5	10%	270.00	30.00
Clutch	V-CL-1010	Volvo	Volvo	Cl-Vo-Vo-102	310.00	5	10%	279.00	31.00
Clutch	V-CL-1020	Volvo	Volvo	Cl-Vo-Vo-103	320.00	5	10%	288.00	32.00
Clutch	V-CL-1030	Volvo	Volvo	Cl-Vo-Vo-104	330.00	5	10%	297.00	33.00
Clutch	SC/C/120	Scania	Scania	Cl-Sc-Sc-101	280.00	3	5%	266.00	14.00
Clutch	SC/C/121	Scania	Scania	Cl-Sc-Sc-102	290.00	3	5%	275.50	14.50
Clutch	SC/C/122	Scania	Scania	Cl-Sc-Sc-103	300.00	3	5%	285.00	15.00
Clutch	IV/CLU/RT/350	Iveco	Iveco	Cl-Iv-Iv-101	250.00	7	9%	227.50	22.50
Clutch	IV/CLU/RT/657	Iveco	Iveco	Cl-Iv-Iv-102	260.00	7	9%	236.60	23.40
Injector, Fuel	V-IN-3400	Volvo	Volvo	In-Vo-Vo-101	150.00	10	5%	142.50	7.50
Injector, Fuel	V-IN-3401	Volvo	Volvo	In-Vo-Vo-102	155.00	10	5%	147.25	7.75
Injector, Fuel	V-IN-3400	ABC Parts Ltd	Volvo	In-AB-Vo-101	140.00	10	5%	133.00	7.00
Injector, Fuel	V-IN-3401	ABC Parts Ltd	Volvo	In-AB-Vo-102	145.00	10	5%	137.75	7.25
Injector, Fuel	SC/I/340	Scania	Scania	In-Sc-Sc-101	145.00	12	3%	140.65	4.35
Injector, Fuel	SC/I/350	Scania	Scania	In-Sc-Sc-102	150.00	12	3%	145.50	4.50
Injector, Fuel	SC/I/350	ABC Parts Ltd	Scania	In-AB-Sc-101	145.00	10	5%	137.75	7.25
Injector, Fuel	IV/INJ/HP/478	Iveco	Iveco	In-Iv-Iv-101	150.00	7	3%	145.50	4.50
Injector, Fuel	IV/INJ/HP/479	Iveco	Iveco	In-Iv-Iv-102	152.00	7	3%	147.44	4.56
Injector, Fuel	IV/INJ/HP/480	Iveco	Iveco	In-Iv-Iv-103	155.00	7	3%	150.35	4.65
Injector, Fuel	IV/INJ/HP/478	ABC Parts Ltd	Iveco	In-AB-Iv-101	145.00	10	5%	137.75	7.25
Injector, Fuel	IV/INJ/HP/480	ABC Parts Ltd	Iveco	In-AB-Iv-102	150.00	10	5%	142.50	7.50
Alternators	V-AL-2350	Volvo	Volvo	Al-Vo-Vo-101	250.00	4	4%	240.00	10.00
Alternators	V-AL-2351	Volvo	Volvo	Al-Vo-Vo-102	275.00	4	4%	264.00	11.00
Alternators	SC/A/560	Scania	Scania	Al-Sc-Sc-101	230.00	5	3%	223.10	6.90
Alternators	SC/A/570	Scania	Scania	Al-Sc-Sc-102	230.00	5	3%	223.10	6.90
Alternators	SC/A/560	Lucas	Scania	Al-Lu-Sc-101	230.00	6	5%	218.50	11.50
Alternators	IV/ALT/DS/345	Iveco	Iveco	Al-Iv-Iv-101	230.00	4	4%	220.80	9.20
Alternators	IV/ALT/DS/346	Iveco	Iveco	Al-Iv-Iv-102	230.00	4	4%	220.80	9.20
Alternators	IV/ALT/DS/345	Lucas	Iveco	Al-Lu-Iv-101	230.00	6	5%	218.50	11.50
Alternators	IV/ALT/DS/346	Lucas	Iveco	Al-Lu-Iv-102	230.00	6	5%	218.50	11.50

Delivery free on orders over 1000 US \$ and within 5 km of our warehouse.

VAT @ 17.5 % will be added to all orders

ORDER

ORDER REFERENCE NO. 1458

Central Asian Logistics Ltd

No.1 XYZ Road
Any Town
Somewherestan
Tel: 00 7 2222 20 20
Tel: 00 7 2222 20 20 21

TO: CAVeP Ltd
No.1 ABC Road
Any Town
Somewherestan
Tel: 00 7 1111 10 10 10
Fax: 00 7 1111 10 10 11

ORDER DATE: 01/06/96

Please Supply:

					ALL PRICES IN US \$				
	Description	Part manufacturer	Vehicle manufacturer	Supplier Identification number	Order size	Full Price per unit	Discount per unit	Price per unit with discount	Total Price
1	Clutch	Volvo	Volvo	CL-VO-VO-101	15	300.00	30.00	270.00	4050.00
2	Clutch	Scania	Scania	CL-SC-SC-101	5	280.00	14.00	266.00	1330.00
3	Fuel injector	Volvo	Volvo	IN-VO-VO-102	2	165.00	0.00	165.00	310.00
4	Fuel injector	Scania	Scania	IN-SC-SC-101	3	145.00	0.00	145.00	435.00
5	Alternator	Volvo	Volvo	AL-VO-VO-102	6	275.00	11.00	264.00	1584.00
6	Alternator	Lucas	Iveco	AL-LU-N-101	10	230.00	11.60	218.40	2184.00
7								0.00	0.00
8								0.00	0.00
9								0.00	0.00
10								0.00	0.00
TOTAL ORDER VALUE									9630.00
MEMO TOTAL DISCOUNT									690.00

Special instructions: Please quote order number to security and goods inwards

INVOICE

INVOICE

INVOICE

OUR 'INVOICE NUMBER:	IN960458
YOUR ORDER REF	1458

Invoice date: 07/06/96

CAVeP Ltd
Central Asian Vehicle Parts Ltd

No.1 ABC Road
 Any Town
 Somwherestan
 Tel: 00 7 1111 10 10 10
 Fax: 00 7 1111 10 10 11

ORDER FROM:
 Central Asian Logistics Ltd
 No.1 XYZ Road
 Any Town
 Somwherestan
 Tel: 00 7 2222 20 20 20
 Tel: 00 7 2222 20 20 21

DELIVERY ADDRESS:
 As "ORDER FROM"

YOUR ORDER REF:1458

All prices are in US\$

Description	Truck Manufacturer Part No.	Part Manufacturer	Vehicle Make	CAVeP LTD Part Number	Full Price per unit	Discount per unit	Price per unit with discount	Order Quantity	Total order price
Clutch	V-CL-1000	Volvo	Volvo	Cl-Vo-Vo-101	300.00	30.00	270.00	15	4050.00
Clutch	SC/C/120	Scania	Scania	Cl-Sc-Sc-101	280.00	14.00	266.00	5	1330.00
Injector, Fuel	V-IN-3401	Volvo	Volvo	In-Vo-Vo-102	155.00	0.00	155.00	2	310.00
Injector, Fuel	SC/I/340	Scania	Scania	In-Sc-Sc-101	145.00	0.00	145.00	3	435.00
Alternators	V-AL-2351	Volvo	Volvo	Al-Vo-Vo-102	275.00	11.00	264.00	5	1320.00
Alternators	IV/ALT/DS/3	Lucas	Iveco	Al-Lu-lv-101	230.00	11.50	218.50	10	2185.00
							0	0	0.00
							0	0	0.00
							0	0	0.00
							0	0	0.00
							0	0	0.00
							0	0	0.00
							0	0	0.00
							0	0	0.00
							0	0	0.00
							0	0	0.00
							0	0	0.00
							0	0	0.00
							0	0	0.00
							0	0	0.00
							0	0	0.00
							0	0	0.00
							0	0	0.00

TOTAL ORDER VALUE	9630.00
Delivery Charge	0.00
TOTAL ORDER before VAT	9630.00
VAT @ 17.50%	1685.25
TOTAL PAYMENT REQUESTED	11315.25
MEMO: Discount (before VAT)	690.00

**** PAYMENT IS REQUESTED WITHIN 14 DAYS OF INVOICE DATE ****

STATEMENT

STATEMENT

STATEMENT

CAVeP Ltd
Central Asian Vehicle Parts Ltd
 No.1 ABC Road
 Any Town
 Somewherestan
 Tel: 00 7 1111 10 10 10
 Fax: 00 7 1111 10 10 11

CUSTOMER
 Central Asian Logistics Ltd
 No.1 XYZ Road
 Any Town
 Somewherestan
 Tel: 00 7 2222 20 20 20
 Tel: 00 7 2222 20 20 21
 YOUR ORDER REF:1458

01/07/96

All prices are in US \$

Date	Description	Amount	Balance
01/06/96	Balance Brought Forward		12,546.00
07/06/96	Invoice IN960458	11,315.25	23,861.25
10/07/96	Credit Note CR960045	(312.55)	23,548.70
12/07/96	Payment received	(12,546.00)	11,002.70
25/07/96	Invoice IN960509	6,580.00	17,582.70
27/07/97	Payment received	(11,002.70)	6,580.00
30/06/96	Balance Carried Forward		6,580.00

PRICING COSTING MODEL

INPUT PAGE

PRICING COSTING MODEL

OUTPUT PAGE

**BA LOGISTICS
COST MODEL**

PRICING MODEL SUMMARY

Route: Almaty-Moscow-Milan-Almaty

		13510 km	
		25 days	
			US \$ per 100
		US \$	km
FUEL COST		3258	24.1
DRIVER EXPENCES		383	2.8
DRIVER PAY		317	2.3
LUBRICANTS & CONSUMABLES		98	0.7
TYRES		1297	9.6
MAINTENANCE		198	1.5
TOLL COSTS		234	1.7
EXPORT COSTS		96	0.7
INSURANCE		75	0.6
VEHICLE LICENCE		104	0.8
TELEPHONE		33	0.2
PARKING		67	0.5
DEPRECIATION		4667	34.5
spare 1			
spare 2			
TOTAL COST		10828	80.14
Revenue necessary to achieve required profit			
A)	Required Revenue	12,031	89.0
	Profit margin	10%	1,203
			8.9
B)	Required Revenue	13,534	100.2
	Profit margin	20%	2,707
			20.0
Actual Revenue			
		17,000	125.8
	Profit margin	36%	6,172
			45.7

PRICING MODEL SUMMARY

Route: Almaty - Chimkent - Almaty

Route total Length	1500 km	
Duration	3 days	
	US \$	US \$ per 100 km
FUEL COST	225	15.0
DRIVER EXPENCES	10	0.7
DRIVER PAY	40	2.7
LUBRICANTS & CONSUMABLES	7	0.5
TYRES	144	9.6
MAINTENANCE	22	1.5
TOLL COSTS	0	0.0
EXPORT COSTS	0	0.0
INSURANCE	10	0.6
VEHICLE LICENCE	13	0.9
TELEPHONE	10	0.7
PARKING	10	0.7
DEPRECIATION	218	14.5
spare 1		
spare 2		
TOTAL COST	709	47.26

Revenue necessary to achieve required profit

A)	Required Revenue	788	52.5
	Profit margin 10%	79	5.3
B)	Required Revenue	886	59.1
	Profit margin 20%	177	11.8
	Actual Revenue	1,200	0.0
	Profit margin 41%	491	0.0

PRICING MODEL SUMMARY

Route: Almaty - Tashkent - Almaty

Route total Length	1740 km	
Duration	4 days	
	US \$	US \$ per 100 km
FUEL COST	263	15.1
DRIVER EXPENCES	15	0.9
DRIVER PAY	53	3.1
LUBRICANTS & CONSUMABLES	8	0.5
TYRES	167	9.6
MAINTENANCE	26	1.5
TOLL COSTS	0	0.0
EXPORT COSTS	0	0.0
INSURANCE	13	0.7
VEHICLE LICENCE	18	1.0
TELEPHONE	10	0.6
PARKING	10	0.6
DEPRECIATION	253	14.5
spare 1		
spare 2		
TOTAL COST	835	47.99

Revenue necessary to achieve required profit

A)	Required Revenue	928	53.3
	Profit margin	10%	93 5.3
B)	Required Revenue	1,044	60.0
	Profit margin	20%	209 12.0
	Actual Revenue	1,400	80.5
	Profit margin	40%	565 32.5

PRICING MODEL SUMMARY

Route: Almaty - Aktubinsk - Almaty

Route total Length		5600 km
Duration		5 days
		US \$ per 100
	US \$	km
FUEL COST	840	15.0
DRIVER EXPENCES	17	0.3
DRIVER PAY	67	1.2
LUBRICANTS & CONSUMABLES	25	0.5
TYRES	538	9.6
MAINTENANCE	82	1.5
TOLL COSTS	0	0.0
EXPORT COSTS	0	0.0
INSURANCE	16	0.3
VEHICLE LICENCE	22	0.4
TELEPHONE	20	0.4
PARKING	10	0.2
DEPRECIATION	815	14.5
spare 1		
spare 2		
TOTAL COST	2451	43.77

Revenue necessary to achieve required profit

A)	Required Revenue	2,724	48.6
	Profit margin	10%	272 4.9
B)	Required Revenue	3,064	54.7
	Profit margin	20%	613 10.9
Actual Revenue		1,200	0.0
	Profit margin	-104% -	1,251 -0.0

PRICING MODEL SUMMARY

Route: Almaty - Moscow - Almaty

Route total Length 9200 km
 Duration 9 days
 US \$ per 100

	US \$	km
FUEL COST	1462	15.9
DRIVER EXPENCES	73	0.8
DRIVER PAY	120	1.3
LUBRICANTS & CONSUMABLES	44	0.5
TYRES	883	9.6
MAINTENANCE	135	1.5
TOLL COSTS	0	0.0
EXPORT COSTS	0	0.0
INSURANCE	29	0.3
VEHICLE LICENCE	39	0.4
TELEPHONE	20	0.2
PARKING	10	0.1
DEPRECIATION	1338	14.5
spare 1		
spare 2		
TOTAL COST	4153	45.15

Revenue necessary to achieve required profit

A) Required Revenue		4,615	50.2
Profit margin	10%	461	5.0
B) Required Revenue		5,192	56.4
Profit margin	20%	1,038	11.3
Actual Revenue		6,750	0.0
Profit margin	38%	2,597	0.0

FINANCIAL FORECAST MODEL

INPUT PAGE

INPUT FORECAST

	B	C	E	F	G	H	I	J	K	L	M	N
1	BYON AUL LOGISTICS											
2	FINANCIAL PLAN FORECAST											
3	Destination, frequency, revenue and costs.											
4	ENTER NUMBER OF RETURN TRIPS DURING THE PERIOD											
5	Origin	Destination	1st Year	2nd Year	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97
6	Almaty	Tashkent	132	126	6	6	6	12	12	12	12	12
7	Almaty	Moscow	154	147	7	7	7	14	14	14	14	14
8	Almaty	Kaz3	0	0	0	0	0	0	0	0	0	0
9	Almaty	Kaz4	0	0	0	0	0	0	0	0	0	0
10	Almaty	Kaz5	0	0	0	0	0	0	0	0	0	0
11	Almaty	Italy	92	192	2	3	3	7	8	9	10	10
12	Almaty	Germany	0	0	0	0	0	0	0	0	0	0
13	Almaty	spare	0	0	0	0	0	0	0	0	0	0
14	Almaty	spare	0	0	0	0	0	0	0	0	0	0
15	Almaty	spare	0	0	0	0	0	0	0	0	0	0
16												
17					8			84				
18												
19												
20	REVENUE		Per round journey									
21	Origin	Destination	1st Year	2nd Year	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97
22	Almaty	Tashkent	16800	16800	1400	1400	1400	1400	1400	1400	1400	1400
23	Almaty	Moscow	81000	81000	6750	6750	6750	6750	6750	6750	6750	6750
24	Almaty	Kaz3	0	0	0	0	0	0	0	0	0	0
25	Almaty	Kaz4	0	0	0	0	0	0	0	0	0	0
26	Almaty	Kaz5	0	0	0	0	0	0	0	0	0	0
27	Almaty	Italy	204000	204000	17000	17000	17000	17000	17000	17000	17000	17000
28	Almaty	Germany	0	0	0	0	0	0	0	0	0	0
29	Almaty	spare	0	0	0	0	0	0	0	0	0	0
30	Almaty	spare	0	0	0	0	0	0	0	0	0	0
31	Almaty	spare	0	0	0	0	0	0	0	0	0	0
32												
33												
34												
35												
36	FUEL		Per round journey									
37	Origin	Destination	1st Year	2nd Year	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97
38	Almaty	Tashkent	3156	3156	263	263	263	263	263	263	263	263
39	Almaty	Moscow	17544	17544	1462	1462	1462	1462	1462	1462	1462	1462
40	Almaty	Kaz3	0	0	0	0	0	0	0	0	0	0
41	Almaty	Kaz4	0	0	0	0	0	0	0	0	0	0
42	Almaty	Kaz5	0	0	0	0	0	0	0	0	0	0
43	Almaty	Italy	39096	39096	3258	3258	3258	3258	3258	3258	3258	3258
44	Almaty	Germany	0	0	0	0	0	0	0	0	0	0
45	Almaty	spare	0	0	0	0	0	0	0	0	0	0
46	Almaty	spare	0	0	0	0	0	0	0	0	0	0
47	Almaty	spare	0	0	0	0	0	0	0	0	0	0
48												
49												
50												
51												
52	DRIVER EXPENCES		Per round journey									
53	Origin	Destination	1st Year	2nd Year	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97
54	Almaty	Tashkent	180	180	15	15	15	15	15	15	15	15
55	Almaty	Moscow	876	876	73	73	73	73	73	73	73	73
56	Almaty	Kaz3	0	0	0	0	0	0	0	0	0	0
57	Almaty	Kaz4	0	0	0	0	0	0	0	0	0	0
58	Almaty	Kaz5	0	0	0	0	0	0	0	0	0	0
59	Almaty	Italy	4596	4596	383	383	383	383	383	383	383	383
60	Almaty	Germany	0	0	0	0	0	0	0	0	0	0
61	Almaty	spare	0	0	0	0	0	0	0	0	0	0
62	Almaty	spare	0	0	0	0	0	0	0	0	0	0
63	Almaty	spare	0	0	0	0	0	0	0	0	0	0
64												

INPUT FORECAST

	B	C	E	F	G	H	I	J	K	L	M	N
67												
68	DRIVER PAY		Per round journey									
69	Origin	Destination	1st Year	2nd Year	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97
70	Almaty	Tashkent	636	636	53	53	53	53	53	53	53	53
71	Almaty	Moscow	1440	1440	120	120	120	120	120	120	120	120
72	Almaty	Kaz3	0	0	0	0	0	0	0	0	0	0
73	Almaty	Kaz4	0	0	0	0	0	0	0	0	0	0
74	Almaty	Kaz5	0	0	0	0	0	0	0	0	0	0
75	Almaty	Italy	3804	3804	317	317	317	317	317	317	317	317
76	Almaty	Germany	0	0	0	0	0	0	0	0	0	0
77	Almaty	spare	0	0	0	0	0	0	0	0	0	0
78	Almaty	spare	0	0	0	0	0	0	0	0	0	0
79	Almaty	spare	0	0	0	0	0	0	0	0	0	0
80												
81												
82												
83												
84	LUBRICANTS		Per round journey									
85	Origin	Destination	1st Year	2nd Year	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97
86	Almaty	Tashkent	96	96	8	8	8	8	8	8	8	8
87	Almaty	Moscow	528	528	44	44	44	44	44	44	44	44
88	Almaty	Kaz3	0	0	0	0	0	0	0	0	0	0
89	Almaty	Kaz4	0	0	0	0	0	0	0	0	0	0
90	Almaty	Kaz5	0	0	0	0	0	0	0	0	0	0
91	Almaty	Italy	1176	1176	98	98	98	98	98	98	98	98
92	Almaty	Germany	0	0	0	0	0	0	0	0	0	0
93	Almaty	spare	0	0	0	0	0	0	0	0	0	0
94	Almaty	spare	0	0	0	0	0	0	0	0	0	0
95	Almaty	spare	0	0	0	0	0	0	0	0	0	0
96												
97												
98												
99												
100	TYRES		Per round journey									
101	Origin	Destination	1st Year	2nd Year	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97
102	Almaty	Tashkent	2004	2004	167	167	167	167	167	167	167	167
103	Almaty	Moscow	10596	10596	883	883	883	883	883	883	883	883
104	Almaty	Kaz3	0	0	0	0	0	0	0	0	0	0
105	Almaty	Kaz4	0	0	0	0	0	0	0	0	0	0
106	Almaty	Kaz5	0	0	0	0	0	0	0	0	0	0
107	Almaty	Italy	15564	15564	1297	1297	1297	1297	1297	1297	1297	1297
108	Almaty	Germany	0	0	0	0	0	0	0	0	0	0
109	Almaty	spare	0	0	0	0	0	0	0	0	0	0
110	Almaty	spare	0	0	0	0	0	0	0	0	0	0
111	Almaty	spare	0	0	0	0	0	0	0	0	0	0
112												
113												
114												
115												
116	MAINTENANCE		Per round journey									
117	Origin	Destination	1st Year	2nd Year	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97
118	Almaty	Tashkent	312	312	26	26	26	26	26	26	26	26
119	Almaty	Moscow	1620	1620	135	135	135	135	135	135	135	135
120	Almaty	Kaz3	0	0	0	0	0	0	0	0	0	0
121	Almaty	Kaz4	0	0	0	0	0	0	0	0	0	0
122	Almaty	Kaz5	0	0	0	0	0	0	0	0	0	0
123	Almaty	Italy	2376	2376	198	198	198	198	198	198	198	198
124	Almaty	Germany	0	0	0	0	0	0	0	0	0	0
125	Almaty	spare	0	0	0	0	0	0	0	0	0	0
126	Almaty	spare	0	0	0	0	0	0	0	0	0	0
127	Almaty	spare	0	0	0	0	0	0	0	0	0	0
128												
129												

INPUT FORECAST

	B	C	E	F	G	H	I	J	K	L	M	N
131												
132	TOLL CHARGES		Per round journey									
133	Origin	Destination	1st Year	2nd Year	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97
134	Almaty	Tashkent	0	0	0	0	0	0	0	0	0	0
135	Almaty	Moscow	0	0	0	0	0	0	0	0	0	0
136	Almaty	Kaz3	0	0	0	0	0	0	0	0	0	0
137	Almaty	Kaz4	0	0	0	0	0	0	0	0	0	0
138	Almaty	Kaz5	0	0	0	0	0	0	0	0	0	0
139	Almaty	Italy	2808	2808	234	234	234	234	234	234	234	234
140	Almaty	Germany	0	0	0	0	0	0	0	0	0	0
141	Almaty	spare	0	0	0	0	0	0	0	0	0	0
142	Almaty	spare	0	0	0	0	0	0	0	0	0	0
143	Almaty	spare	0	0	0	0	0	0	0	0	0	0
144												
145												
146												
147												
148	EXPORT CHARGES		Per round journey									
149	Origin	Destination	1st Year	2nd Year	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97
150	Almaty	Tashkent	0	0	0	0	0	0	0	0	0	0
151	Almaty	Moscow	0	0	0	0	0	0	0	0	0	0
152	Almaty	Kaz3	0	0	0	0	0	0	0	0	0	0
153	Almaty	Kaz4	0	0	0	0	0	0	0	0	0	0
154	Almaty	Kaz5	0	0	0	0	0	0	0	0	0	0
155	Almaty	Italy	1152	1152	96	96	96	96	96	96	96	96
156	Almaty	Germany	0	0	0	0	0	0	0	0	0	0
157	Almaty	spare	0	0	0	0	0	0	0	0	0	0
158	Almaty	spare	0	0	0	0	0	0	0	0	0	0
159	Almaty	spare	0	0	0	0	0	0	0	0	0	0
160												
161												
162												
163												
164	INSURANCE		Per round journey									
165	Origin	Destination	1st Year	2nd Year	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97
166	Almaty	Tashkent	156	156	13	13	13	13	13	13	13	13
167	Almaty	Moscow	348	348	29	29	29	29	29	29	29	29
168	Almaty	Kaz3	0	0	0	0	0	0	0	0	0	0
169	Almaty	Kaz4	0	0	0	0	0	0	0	0	0	0
170	Almaty	Kaz5	0	0	0	0	0	0	0	0	0	0
171	Almaty	Italy	900	900	75	75	75	75	75	75	75	75
172	Almaty	Germany	0	0	0	0	0	0	0	0	0	0
173	Almaty	spare	0	0	0	0	0	0	0	0	0	0
174	Almaty	spare	0	0	0	0	0	0	0	0	0	0
175	Almaty	spare	0	0	0	0	0	0	0	0	0	0
176												
177												
178												
179												
180	LICENCES		Per round journey									
181	Origin	Destination	1st Year	2nd Year	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97
182	Almaty	Tashkent	216	216	18	18	18	18	18	18	18	18
183	Almaty	Moscow	468	468	39	39	39	39	39	39	39	39
184	Almaty	Kaz3	0	0	0	0	0	0	0	0	0	0
185	Almaty	Kaz4	0	0	0	0	0	0	0	0	0	0
186	Almaty	Kaz5	0	0	0	0	0	0	0	0	0	0
187	Almaty	Italy	1248	1248	104	104	104	104	104	104	104	104
188	Almaty	Germany	0	0	0	0	0	0	0	0	0	0
189	Almaty	spare	0	0	0	0	0	0	0	0	0	0
190	Almaty	spare	0	0	0	0	0	0	0	0	0	0
191	Almaty	spare	0	0	0	0	0	0	0	0	0	0
192												

INPUT FORECAST

	B	C	E	F	G	H	I	J	K	L	M	N
195												
196	TELEPHONE		Per round journey									
197	Origin	Destination	1st Year	2nd Year	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97
198	Almaty	Tashkent	120	120	10	10	10	10	10	10	10	10
199	Almaty	Moscow	240	240	20	20	20	20	20	20	20	20
200	Almaty	Kaz3	0	0	0	0	0	0	0	0	0	0
201	Almaty	Kaz4	0	0	0	0	0	0	0	0	0	0
202	Almaty	Kaz5	0	0	0	0	0	0	0	0	0	0
203	Almaty	Italy	396	396	33	33	33	33	33	33	33	33
204	Almaty	Germany	0	0	0	0	0	0	0	0	0	0
205	Almaty	spare	0	0	0	0	0	0	0	0	0	0
206	Almaty	spare	0	0	0	0	0	0	0	0	0	0
207	Almaty	spare	0	0	0	0	0	0	0	0	0	0
208												
209												
210												
211												
212	PARKING		Per round journey									
213	Origin	Destination	1st Year	2nd Year	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97
214	Almaty	Tashkent	120	120	10	10	10	10	10	10	10	10
215	Almaty	Moscow	120	120	10	10	10	10	10	10	10	10
216	Almaty	Kaz3	0	0	0	0	0	0	0	0	0	0
217	Almaty	Kaz4	0	0	0	0	0	0	0	0	0	0
218	Almaty	Kaz5	0	0	0	0	0	0	0	0	0	0
219	Almaty	Italy	804	804	67	67	67	67	67	67	67	67
220	Almaty	Germany	0	0	0	0	0	0	0	0	0	0
221	Almaty	spare	0	0	0	0	0	0	0	0	0	0
222	Almaty	spare	0	0	0	0	0	0	0	0	0	0
223	Almaty	spare	0	0	0	0	0	0	0	0	0	0
224												
225												
226												
227												
228	DEPRECIATION		Per round journey									
229	Origin	Destination	1st Year	2nd Year	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97
230	Almaty	Tashkent	3036	3036	253	253	253	253	253	253	253	253
231	Almaty	Moscow	16056	16056	1338	1338	1338	1338	1338	1338	1338	1338
232	Almaty	Kaz3	0	0	0	0	0	0	0	0	0	0
233	Almaty	Kaz4	0	0	0	0	0	0	0	0	0	0
234	Almaty	Kaz5	0	0	0	0	0	0	0	0	0	0
235	Almaty	Italy	56004	56004	4667	4667	4667	4667	4667	4667	4667	4667
236	Almaty	Germany	0	0	0	0	0	0	0	0	0	0
237	Almaty	spare	0	0	0	0	0	0	0	0	0	0
238	Almaty	spare	0	0	0	0	0	0	0	0	0	0
239	Almaty	spare	0	0	0	0	0	0	0	0	0	0
240												
241												
242												
243												
244	spare		Per round journey									
245	Origin	Destination	1st Year	2nd Year	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97
246	Almaty	Tashkent	0	0	0	0	0	0	0	0	0	0
247	Almaty	Moscow	0	0	0	0	0	0	0	0	0	0
248	Almaty	Kaz3	0	0	0	0	0	0	0	0	0	0
249	Almaty	Kaz4	0	0	0	0	0	0	0	0	0	0
250	Almaty	Kaz5	0	0	0	0	0	0	0	0	0	0
251	Almaty	Italy	0	0	0	0	0	0	0	0	0	0
252	Almaty	Germany	0	0	0	0	0	0	0	0	0	0
253	Almaty	spare	0	0	0	0	0	0	0	0	0	0
254	Almaty	spare	0	0	0	0	0	0	0	0	0	0
255	Almaty	spare	0	0	0	0	0	0	0	0	0	0
256												

FINANCIAL FORECAST MODEL

OUTPUT PAGE

ANNEX D3-11
Whestship Agencies ISO 9001 procedures



D: ALA ANT
LAY 3015

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MEMO

RE-CAP ISO START-UP ALMATY

Lay, 20 December, 1996.

This Memo deals with the ISO start-up arrangements for WHESTSHIP AGENCIES ALMATY (the Company).

The Company was incorporated in October, 1996, and on the day of incorporation the staff of five took the unanimous written undertaking to establish and eventually work according to an ISO Quality Assurance (QA) procedure. Preceding this decision was intensive introduction of the system to the Director by the parent company in order to enable him to render the QA Manager the necessary support with the work.

Commencing work according to ISO procedures was relatively simple as it was possible to introduce all procedures immediately from the start of the Company's activities. As the function of QA Manager requires certain prequalifications it was decided to demote this function to that of a supervisor and subsequently a QA Supervisor was appointed. As soon as the personnel understood that there was a system in the procedures, inter linking various administrative activities or stages of transportation (job), they were keen to follow the guidelines, provided these were understood. Regular intermediate auditing gives them the necessary confidence that they will eventually achieve certification.

The systems & procedures applied in Almaty are almost authentic to those in use in Antwerp. It was therefore easy to transfer existing procedures, adapt them to Almaty requirements and commence translating them into Russian. An added advantage in this respect is the fact that the Antwerp office has three Russian speaking personnel, one of them is the Systems & Procedures Coordinator. This made the transfer of procedures relatively easy.

Start-Up

Emphasis was placed on understanding main (administrative) subjects:

Job Descriptions (Personnel) & Personnel Qualification Procedures

Filing System

Job Management

General Administration



MEMO (cont.)

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RE-CAP ISO START-UP ALMATY (cont.)

Job Descriptions

Definitions of the various jobs and their responsibilities in the Company (Job Descriptions) were established, incl. replacement procedures in case of absence. These were:

- Office Manageress/Commercial & Operational Coordinator
- Director
- Bookkeeper
- Project Supervisor (Manager)
- Despatcher

The Job Descriptions are subject to periodical review in order to ensure that nothing has changed, or are adjusted as needed.

Following the establishing of the Job Descriptions, each employee was taught to draw up a comprehensive C.V. This is kept together with the individual Job Description in alphabetical order of the name of the employee in the 'Employees Present' file.

Filing System - Record Keeping

The following systems/methods are used for record keeping:

- hard-back files - multiple/yearly use
- carton-cover files - one-time use
- Job Book & Invoices Out Book - multiple/yearly use
- Computer Programmes - continuous

There are two basic types of files in use at the office, the hard-back file for permanent filing and a folder type carton-cover file for one-time Jobs (Transportation Orders/Work). In addition a 'Job Book' and 'Invoices Out' book was started. In the Antwerp office each hard-back file has a number. There is a system with the paramount numbering codes (1000-series, 2000-series, etc.) that I do not want to go into at this point. The Antwerp system has been taken over by the Almaty office.

A different, individual numbering system has also been established for the Job Files. This is an identification number for administrative purpose and the detail of the numbers is irrelevant for this Memo.



MEMO (cont.)

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RE-CAP ISO START-UP ALMATY (cont.)

Filing System - Record Keeping (cont.)

Each hard-back file has a number on the back label plus a written (printed in Russian & English) name. For the start-up more than twenty files were established:

- 1010 Bank Statements
- 2005 Company Registration Documents
- 2011 Budget Documents
- 2015 Minutes of Meetings
- 2020 Personnel Present
- 2022 Personnel Applications
- 2050 Correspondence Administrative
- 3010 ISO
- 3015 Memos (Internal)
- 3016 Memos of Visits/Meetings/Inspections
- 3019 Calendar
- 3025 General Quotes Out
- 3029 Dead Quotes
- 3030 Circulars Out
- 3040 Product Information
- 3050 Correspondence General
- 3060 Circulars In
- 7005 Enquiries In
- 7016 Agents Reports In
- 7030 General Projects
- 7055 Correspondence with/about Clients
- 7061 Subcontractor Prequalifications

and some more that I do not have on record here.

Initially most correspondence/communication of the Almaty office is with the Antwerp and Lay offices. Therefore, the advantage with the numbering system is that simple reference to the file number at the bottom of a message sent or passed on from the Antwerp or Lay offices enables the staff to put the message into the proper file.

There are written procedures pertaining to each file (purpose, contents, filing order, etc.) that will eventually form part of the ISO Hand Book but that are at present filed in the 3010 ISO reference file.



MEMO (cont.)

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RE-CAP START-UP ISO ALMATY (cont.)

Job Management (Daily Operations - Logistics)

A transportation or service order from a client is called a Job.

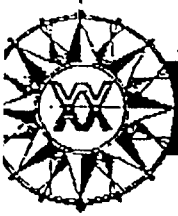
We have taught the staff to understand the development of a Job, i.e. the sequence of individual actions/operations:

- Enquiry from Client*
- Selection of Suitable Subcontractor*
- Costs verification with Subcontractor
- Quote to Client*
- Acceptance of Quote
- Contract from/with Client*
- Acceptance of Contract
- Start-up of Job File*
- Start-up of Job
- Status Reports to Client*
- Delivery to and Receipt from Client or Authorized Party*
- Invoice-In from Subcontractor*
- Invoice-Out to Client*
- Payment from Client
- Payment to Subcontractor
- Close of Job File/Job Calculation*

For the phases marked with an asterisk we have established forms. Some are as software in the computer, other are prepared individually in the computer and again others are prepared by hand.

It is always emphasized to the staff that each of the above phases is of equal importance and therefore needs to be handled with the same care and professional approach. There are some forms or actions connected to these forms that are of particular importance and these are:

- Enquiry Form
- Subcontractor Screening procedure
- Quote Out
- Transportation Contract
- Status Reports to Client
- Receipt from Client
- Invoice from Subcontractor
- Invoice to Client
- Job Calculation



MEMO (cont.)

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RE-CAP START-UP ISO ALMATY (cont.)

Job Management (cont.)

Enquiry Form

It is important that the enquiry of an existing or potential client is properly analyzed. For this reason a form called 'Enquiry Form' (Form) has been designed (Russian & English). It contains all major details that enables the staff to deal with the client's requirements. Properly completed it is an important and useful tool in order to prepare and submit an offer.

Subcontractor Screening Procedure

The success of a company stands or falls with the selection of the subcontractors. For this reason a form, called Subcontractor Screening (or Prequalification) Procedure (Form), has been developed (Russian or English) containing main details of the subcontractors. Prior to contracting a company for the first time, this form needs to be completed and checked by the Director. For obvious reasons the Subcontractor Screening procedure in Almaty is not as sophisticated as the one used in Antwerp. Contractors in Kazakstan still need time to adopt to the free market situation and may initially not always qualify for the services they render.

Quote Out

The form of this document (Form) (Russian or English) is also very important as it will be the basis for the client to contract the Company. It contains contract details, terms and conditions and the price and shows the quality used to establish the offer as not always the price determines whether a client wants to negotiate a rate but also the professional quality that is incorporated. For this reason the staff in Almaty is aware that completion of this document needs a lot of attention.

Transportation Contract

This document (Form) (Russian or English) is based on the Quote-Out Form and contains in addition to all items mentioned on the Quote-Out Form anything agreed in addition and the wording that both contract parties have agreed to enter into a contract for the transportation/services as stipulated. Outside the FSU a standard acceptance message would form the basis of a contract but contracts form part of daily business life in the FSU.



MEMO (cont.)

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RE-CAP START-UP ISO ALMATY (cont.)

Job Management (cont.)

Status Reports to Client

This is a very important document (Form) (Russian or English) as it keeps the client informed about the status of the job, e.g. the whereabouts of his goods or the arrangements that are made in respect of his goods. Depending on the type and complexity of the job, status reports are sent on a daily basis, twice daily or every second day, etc. This is something that is individually different per job.

Receipt from Client or Authorized Person

This is a formless document (CMR Way bill, Copy Bill of Lading, etc.) that is proof that goods have been delivered. In the FSU it has to be established in advance as to the person that is authorized to sign for receipt of goods. A goods receipt that does not contain the name and signature of the authorized person is virtually worthless. So we have trained our staff to ensure that prior to delivery the proper document is agreed upon and established with proper identification of the recipient.

Invoice from Subcontractor (Service Provider)

Although this is not a document belonging to our Company, we do have a say regarding its contents. Our staff are trained to see that incoming invoices are properly addressed, contain our references, specify the services rendered and the dates this took place. Further, the currency has to be correctly stated, the payment conditions and the bank reference. There is only one person in the company that can approve incoming invoices and the staff has instructions to return invoices that are not properly completed.

Invoice to Client

This is a document (Form) (Russian or English) with fixed contents. There are strict guidelines in the Company regarding the contents. Unlike in most European companies, in the Almaty office the invoice is prepared by the bookkeeper. So this person has to have all relevant information in order to do the work. Once the outgoing invoice is completed (by the bookkeeper) it is presented for verification to the person that has handled the job.

Job Calculation Re-Cap

Once all incoming invoices have been received and all outgoing been sent a Job Calculation (no Form) has to be made in order to make sure that the revenue projections were correct. This is very important work as it will bring to light any



MEMO (cont.)

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RE-CAP START-UP ISO ALMATY (cont.)

Job Management (cont.)

Job Calculation Re-Cap (cont.)

wrong costs calculations, assumptions, time calculations, etc. Preferably this work should be done by the person that has handled the job but it should be verified/controlled by the Director. Only a proper re-cap will forecome possible future problems.

General Administration

Procedures were implemented (and laid down in writing) that include:

- date stamping of incoming mail, faxes and other documents
- noting (by Office Manageress) of individual day programmes during daily morning meeting of all employees
- putting the filing code on documents (by Office Manageress)
- initialing of approved incoming invoices
- initialing, after reading, of documents in circulation
- preparing (if possible same day) of Memos covering visits, important telecons, etc.
- customer contact procedure (contact file and contact dates upkeep)
- cross reference system covering bank statements/incoming-/outgoing invoices/invoice-out book/cash withdrawels

Conclusion

All procedures described here are in force. Most of them are documented in the office in a file that is available to the personnel for general reference. It takes a time for the personnel to realize the value of the system.

The Company cannot apply for auditing before June/July, 1997, at the earliest as there is not enough administrative and operational history in order to show that the implemented systems and procedures work over a longer time period. ISO QA covers procedures that are continuously going through phases of development and for this reason it is necessary to constantly make amendments to the procedures as it is done in WHESTSHIP AGENCIES ALMATY.

SECTION E.

CHAPTER E1.

**BACKGROUND TO LICENSING AND TECHNICAL
STANDARDS**

BACKGROUND TO LICENSING AND TECHNICAL STANDARDS

CONTENTS

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2	Analysis of the Current Situation	2-2
3	A Schedule of Compliance	3-2
4	The Access to the Profession Blueprint	4-3
5	The Central Asian Road Freight Operators Manual	5-3

1 Introduction

The project has been carried out with three main themes running in parallel:

1. Technical Assistance to provide western management standards in selected Central Asian companies.
2. Assistance to make commercial contacts with potential western customers.
3. Examination of the regulatory situation in Central Asia and provision of Technical Assistance to address Licensing and Technical Standards.

Items 1 and 2 are covered in the Business Pilot projects described in Section D and are manifest in the three Business Blueprints.

This Chapter deals with item 3 and describes in detail, the work carried out with regards to Licensing and Technical Standards.

2 Analysis of the Current Situation

A full investigation of the current European Situation was carried out during April of 1996 and a set of EC directives compiled.

Considerable time was spent at the Regional Seminar held in Almaty in June 1996 in comparing the current regulatory situation in Central Asia with the more advanced situation in Europe.

A full and interesting debate took place between all the delegates and a clear picture emerged of the differences between the regulatory situations. Unsurprisingly, given their common Soviet heritage, there was little difference in the regulatory situation between the five Republics. The session is fully reported in Annexes I and J of the Progress Report (18 July 1996).

There has been close co-operation throughout the project with the 'TRACECA Legal Framework' Project and the volumes of relevant EC directives were made available to that team.

3 A Schedule of Compliance

Having analysed the differences between the European and Central Asian regulatory situations, joint meetings were held between the project teams of this project and the 'TRACECA Legal Framework' team and a draft compliance schedule produced.

This schedule is detailed in Chapter E2 of this report and has the agreement of the two project teams. The schedule takes account of the difference between international compliance which needs to be immediate and domestic compliance which needs to follow the implementation of the legal framework. This provides part of the technical input to that project concerning regulations.

The draft compliance schedule was then discussed briefly amongst the same delegates on the UK study tour and necessary modifications made.

It became clear that one of the most important steps in meeting the compliance schedule is the provision of a robust system of Operator Licensing. The full compliance schedule, including Operator Licensing was presented to the delegates at the State Seminars held in October/November 1996 and reported fully in Chapter F3 to this report.

4 The Access to the Profession Blueprint

Another key aspect to meeting the Compliance Schedule is the provision, following Operator Licensing, of a regime to train, examine and certificate competent transport operators. Such a scheme needs to be in place for both international transport (immediately) and domestic transport (from 2000 onwards according to the Compliance Schedule).

The Blueprint, was developed on the pilot in Uzbekistan, along with the TADI Research Institute of Tashkent. It contains a considerable amount of technical, operational and commercial input for regulation. It is described in detail in Chapter D2 to this report.

This Blueprint was complemented by a brief comparative study carried out by the NIIAT Research Institute of Almaty who provided a delegate for both the Blueprint course in Tashkent and the ASMAP course in Moscow. The report on the ASMAP course is contained in Chapter E3 to this report.

The Blueprint contains a full set of training notes for International Access to the Profession. It also contains section headings for a domestic course. Each of these sections will need to be completed in due course but make reference to domestic transport and general legislation which is not yet ready from the 'TRACECA Legal Framework' Project. When the legal framework is in place, these notes will provide valuable technical and operational input.

5 The Central Asian Road Freight Operators Manual

The state Seminars held in Bishkek, Tashkent and Ashgabad were used to launch the first edition of an Operations Manual for Road Freight in Central Asia.

The manual summarises all information necessary for an operator running international trucks. The format of the manual has been kept as simple and straightforward as the complex contents allow and provides invaluable operational and commercial assistance to the operators and the regulators. The manual is contained in Chapter E4 to this report.

CHAPTER E2
A Regulatory Compliance Schedule for Central Asia

A Regulatory Compliance Schedule for Central Asia

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2	The Compliance Schedule	2-2
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	2.2 Transport Regulations	2-3
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	2.2.5 Plating & Testing	2-4
	2.2.6 Compliance of the Driver	2-5
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3	Conclusion	3-7

1 Background

Following debate at the State Seminar in Aimaty in June 1996, the current regulatory situations in Europe and Central Asia were compared. The following Compliance Schedule was then produced in August 1996, and the original document is reproduced here in full.

That document was then discussed briefly on the UK Study Tour and presented to a larger audience at each of the State Seminars in October and November 1996.

2 The Compliance Schedule

2.1 Introduction

This document is based on the notes of a meeting on August 15 1996 between Mark Booker of Scott Wilson Kirkpatrick, Keith Taylor of the Freight Transport Association and Mick Jackson of Sir Alexander Gibb & Partners.

The meeting discussed the rate at which the transport regulations in Central Asian Republics can match those adhered to in Europe. For each of the Regulations, compliance must ultimately relate to both international and domestic transportation but the schedule of compliance will vary considerably between the two.

Each individual Regulation has to be supported by either the legal framework of the State concerned or through international conventions. In order for an operator to carry out transportation to Europe, compliance to the international regulations must be immediate. However, concerning domestic Regulations, the rate of compliance will depend on the rate of establishment of the legal process in each Republic.

The remainder of this document examines each individual regulation set as discussed and outlines the schedules for domestic and international compliance. In some cases, there is a need for major work outside of the regulatory arena, prior to the imposition of Regulations. These are noted below.

It must be stressed that the schedule is only a draft one at this stage as it has not finally been agreed by all parties.

2.2 Transport Regulations

Compliance falls into a number of categories:

- compliance of the operator
- compliance of the vehicle
- compliance of the driver
- compliance concerning the load

2.2.1 Compliance of the Operator

Licensing of the operator is the key to any regulatory system. It is the start point for information and therefore enforcement and it becomes the base on to which all of the other regulatory issues are built.

There are a number of prerequisites for the establishment of an operator licensing system including:

- the presence of a qualification for access to the profession;
- the establishment of bodies to provide that qualification;
- the establishment of an enforcement agency ;
- support within the legal framework of the State.

(a) International

These issues are the subject of the pilot being carried out in Uzbekistan as part of this project. As a result of the pilot, Uzbek operators will be able to be licensed to operate internationally once they have earned their international Certificate of Professional Competence.

The output from the Uzbek pilot will be a blueprint that can be applied in the other States. As soon as those States implement that blueprint, their operators can be licensed to run trucks in Europe - *providing they then meet all the other regulations outlined below.*

(b) Domestic

Scott Wilson Kirkpatrick estimate that it will take a minimum of two years from the end of their project (December 1997) for the Republics to implement enforcement frameworks capable of supporting a system of domestic compliance.

This means that the earliest the Republics can formally begin domestic compliance is the year 2000. By this time, the international licensing and enforcement system will be well developed in each Republic and can be extended to manage the domestic system. A full domestic CPC course can be made available in the build-up to that time.

2.2.2 Compliance of the Vehicle

There are three areas of regulation concerning the vehicle:

- Construction & Use
- Weights & Dimensions
- Plating & Testing

(a) International

For each of these, the international regulatory requirements are clearly stated within the CPC course and will be contained within the operator's manual. It is most likely in the medium term that only vehicles of 'Western' origin will satisfy the international regulations.

(b) Domestic

In order to gain domestic compliance, it will be necessary for trucks built in the FSU and their use to be brought into the system. In each of the three sections this will involve actions which are outside the scope of the current Traceca programme.

2.2.3 Construction & Use

The team considered the recommendation of a schedule for construction & use as follows:

- Year 2000 - Central Asia to reach European Standards of 1983
- Year 2002 - Central Asia to reach European Standards of 1989
- Year 2005 - Central Asia to reach European Standards of 1996

However, this compliance will not happen unless FSU truck manufacturing plants are considerably changed so that they are capable of producing technically improved trucks. This is a firm recommendation for the direction of future aid/technical assistance.

2.2.4 Weights & Dimensions

The rate of domestic compliance is severely limited by the condition of roads within each Republic. The domestic axle weight limit of 6 tonnes cannot effectively be increased until at least the main highways are improved. Prioritisation of highway improvement within the region and the raising of funding for it are recommended as future Traceca projects.

2.2.5 Plating & Testing

In principle an effective system of vehicle testing is already in place within the Republics. Each vehicle has a 'vehicle passport' and there is an mandatory annual inspection with the passport being marked accordingly. This is backed up with extensive and frequent roadside checks. Each Republic has a well established Vehicle Inspectorate Agency.

The problem is, in common with some other areas of officialdom in the Republics, the inspection and enforcement regimes are inconsistent. It is recommended that attention be given to making the regime consistent in the time between now and 2000 when domestic operating licences are issued.

2.2.6 Compliance of the Driver

There are two areas of compliance concerning the drivers of vehicles:

- Driver Licensing
- Driver's hours

2.2.7 Driver Licensing

The system of Driver Licensing currently in place in the Republics is very similar to that employed by European countries so compliance for both international and domestic transportation will be easy to achieve and will follow on directly from the operator licensing discussed above.

2.2.8 Driver's Hours

There is a major compliance gap between Central Asia and Europe concerning driver's hours.

(a) International

Compliance for international journeys is essential immediately and 'Western' supplied vehicles will need to be fitted with tachographs. Training in the use of tachographs for the operators is contained in the international CPC training course currently being piloted.

Whilst these tachographs will have to be used on international journeys, there is no requirement to use them on trips within Central Asia.

(b) Domestic

There is no concept of regulated hours for drivers in the Republics over and above the maximum 42 hour week which applies to all workers. Each driver compiles a log-book of his activities but even these are not used to regulate his work pattern.

There can be no attempt to regulate driver's hours until other regulatory issues are in place (e.g. operators licensing) and until tachographs are fitted to vehicles. Unless special arrangements are made, it is likely to be 3 years before tachographs are fitted to new vehicles and probably at least 5 years before a programme of retro-fitting is possible.

Whilst the quality and robustness of tachographs have improved with time, the quality of roads in Central Asia is such that the equipment may prove to be too delicate. It is recommended that a small feasibility study be commissioned to test the robustness of existing tachographs under Central Asian conditions and to test the feasibility of moving straight to the 'black box' cab recorders which are about to be introduced in Europe.

2.2.9 Compliance of the Load

The Scott Wilson Kirkpatrick project is establishing a ratification schedule for the major international conventions concerning vehicle loads.

The three main conventions are:

- TIR - relating to the integrity of the load
- CMR - relating to insurance for the load
- ADR - concerning hazardous goods transportation

All three of these conventions will have a training need following ratification. Concerning TIR and CMR, Scott Wilson Kirkpatrick will, in co-operation with the IRU provide administrative training to the Ministry and Customs officials who will need to administer the schemes in each Republic.

Regarding the ADR convention, operator training is covered under the international CPC course but there will be an immediate and urgent need following ratification for a programme of driver training to allow them to handle hazardous cargoes. This will be the subject of a project extension in each Republic.

3 Conclusion

In conclusion, it may be seen that international transport regulations can start to be applied once a Republic has a system of operator licensing. The precursors for this are currently being tested in a business pilot in Uzbekistan and a blueprint will be produced that can allow the regimes to be established in other Republics.

A compliance schedule for domestic transport is the subject of considerable overlap between two Traceca projects as the regulations cannot begin to be introduced until the domestic legal framework is in place.

CHAPTER E3
Report by NIAT on the ASMAP Access to the Profession Course
Moscow - July 1996

**Report by NIIAT on the ASMAP Access to the Profession Course
Moscow - July 1996**

CONTENTS

Chapter	Description	Page
1	BUSINESS TRIP REPORT	1-2
	1.1.1 2-weeks Course of "Organisation of International Truck ransportation" Program, Stage 1, Moscow.	1-2

1 Report on ASMAP training course

1.1.1 2-weeks Course of "Organisation of International Truck Transportation" Program, Stage 1, Moscow.

- (a) The training-consulting centre which was established under ASMAP, has training programs in the following specialities:
- Managers on International Transportation (1st level), 2-weeks course (80-hours program).
 -
 - Managers on International Transportation (3rd level), 2-weeks course (80-hours program).
 -
 - International Directions' Drivers, 2-weeks course (80-hours program).
 -
 - Drivers of Dangerous Cargo Transportation - 2-weeks course:
 - 24 hours - basic course (dangerous cargo transportation, 1-9 class)
 - 12 hours - special course (radioactive transportation, 1-7 class)
 - 12 hours - main course (dangerous cargo transportation in tankers)
 - Teachers on training of drivers for dangerous cargo transportation (64-hours program).
 - Russian Transport Inspection, 2-weeks course. In addition, training centre is opening a new course on professional training:
 - International freight forwarder and international freight activities 2 week course (64-hours program)
 - Currency/Finance and Accounting under international truck transport organisation - 5 days.
- (b) According to "Instructions on Licensing procedure for dangerous cargo and passengers transportation, and related transport-freight services in road transport", confirmed by Directive of Ministry of Transport, the following training centres were stated to train and re-train the specialists for the organisation of international carriages:
- Moscow Road Transport Institute, State University (MADJ), training centre ASMAP;
 - St-Petersburg Engineering-Economic Academy, training centre ASMAP;
 - Bryansk Institute of Transport Construction, training centre ASMAP;
 - Siberian Road Institute (SibADI), training centre ASMAP;
 - Saratov State Technological University, training centre ASMAP.

According to this "Instruction", those senior authorities, entrepreneurs, or authorised persons which have to pass related exam in specialised training centres or to be trained there, can be approached to implement the licensing procedure.

After the first level training the licence is to be given only for 1 year, after the second level training and after receiving "Confirmation of full training course and having passed the exam for professional competence in area of international cargo and passengers transportation" the license is to be given for 5 years term.

- (c) There were 19 people in addition to us in the group in "Managers of International Transportation" program which lasted from 1 July till 12 July 1996.

Basically there were entrepreneurs, which did not deal with road transport, but which are going to buy vehicles of European standard and willing to transport international cargo privately. Some of the delegates were just drivers, which dealt with truck transport, but from now on decided to become managers.

All trainees passed exams and got certificates. One of them was from Tajikistan, the rest - from Moscow.

- (d) The main problems for ASMAP training centres:

- Recruitment of trainees. According to the centre's General Director, Moscow and St-Petersburg centres have less problems than others.
- The first level program is very short in main issues for those who don't know about the international truck transport organisation. For those who know about it, some of the issues might be more interesting.
- Due to technical reasons the questions of insurance in road transport were not discussed in our group. But we believe this issue would have a detailed interest. For instance, one of the interesting problems concerns the priorities and essence of "Scheme of group insurance of truck drivers' liability".

Another example, instead of a lecture on "What is New in Taxation" it would be useful to have a lecture on taxation of liable and physical persons, and afterwards to give "What is New in Taxation".

The Program of the first stage is attached.

Grigoriadi E.
Nemova N.

APPENDIX E3-1

ASMAP COURSE TIMETABLE

WEEK 1

TIME	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
09:30 - 10:50		Structure of contracts	Private study	Liabilities of Seller and buyer	Accounting
10:50 - 11:00	Break	Break	"	Break	Break
11:00 - 12:20	Registration of trainees	Structure of contracts	"	Liabilities of Seller and buyer	Accounting
12:20 - 13:20	Lunch	Lunch	"	Lunch	Lunch
13:20 - 14:40	Overview of international road haulage	KDPG, TIR and Intergovernmental agreements	"	Permission system, Road fees and taxes	International customs system
14:40 - 14:50	Break	Break	"	Break	Break
14:50 - 16:10	Legislation of international road haulage	KDPG, TIR and Intergovernmental agreements	"	Permission system, Road fees and taxes	International customs system
16:10 - 16:20	Break	Break	"	Break	Break
16:20 - 17:40	International road haulage licensing	Marketing principles	"	Customs legislation of Russia	Private Study

WEEK 2

TIME	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
09:30 - 10:50	Distribution costs in international haulage	Management	Ecological considerations for equipment	Transport & freight services outside Russia	Exam
10:50 - 11:00	Break	Break	"	Break	Break
11:00 - 12:20	Distribution costs in international haulage	Management	Ecological considerations for equipment	Transport & freight services outside Russia	Exam
12:20 - 13:20	Lunch	Lunch	"	Lunch	Lunch
13:20 - 14:40	Passport & visa support	Weight characteristics and size of vehicles	Work and rest regime for drivers	Market economy pricing (basic)	
14:40 - 14:50	Break	Break	"	Break	Break
14:50 - 16:10	Passport & visa support	Weight characteristics and size of vehicles	Work and rest regime for drivers	Market economy pricing (basic)	
16:10 - 16:20	Break	Break	"	Break	Break
16:20 - 17:40	organisation of international passenger carriage	Driver's wages	Dangerous cargo haulage	Taxation for objects and individuals	

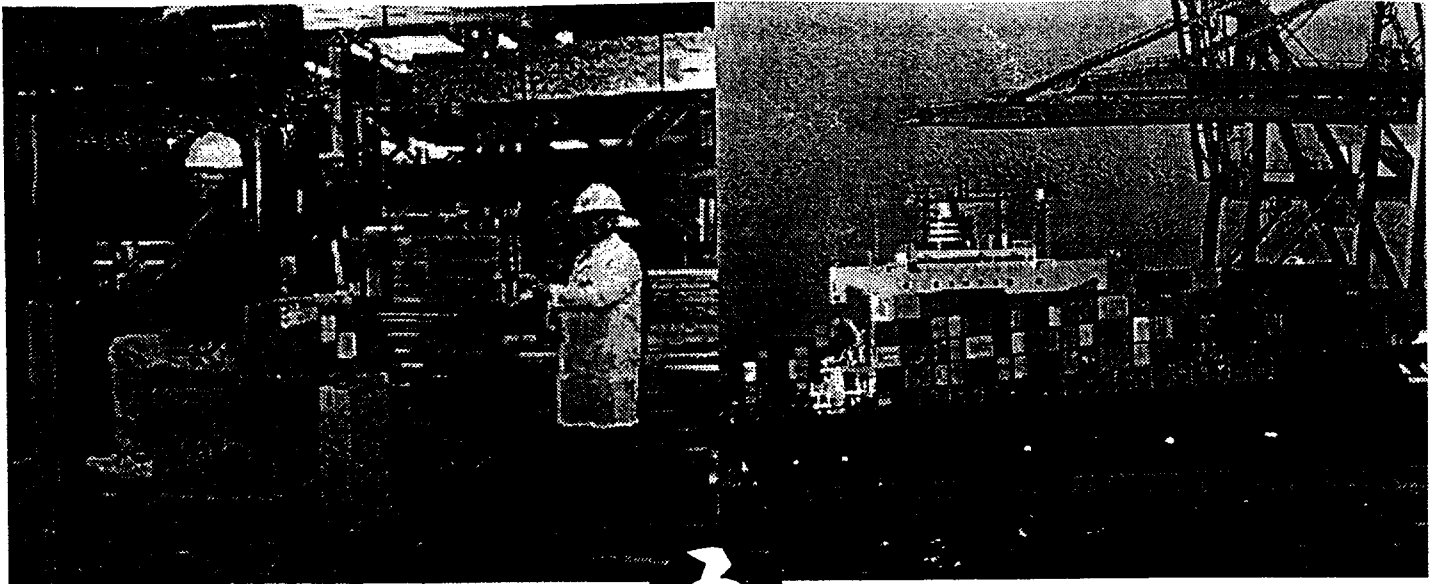
CHAPTER E4
The Central Asian Road Freight Operators Manual

1 Introduction

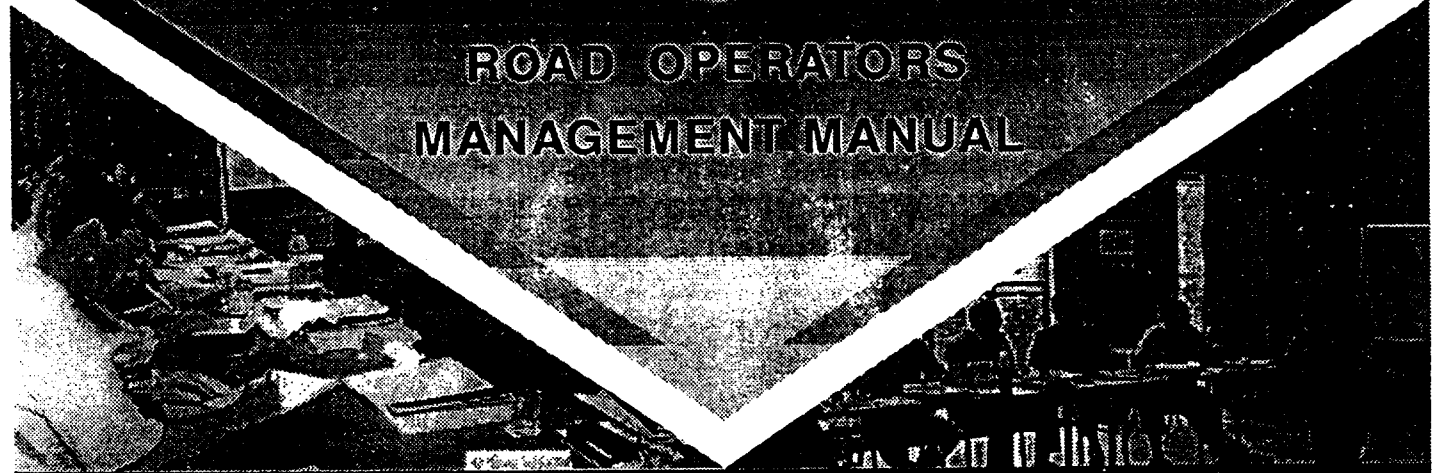
This Annex contains a copy of the Operations Manual produced for Road Freight Operators running their trucks internationally.

It has been issued at the State Seminars as a reference document but its greatest value is in its use by Operators who have been through an Access to the Profession course.

In due course, each of the Republics will also require a similar simple reference manual which relates to transport regulations within the Republic.



ROAD OPERATORS MANAGEMENT MANUAL



ROAD OPERATORS MANAGEMENT MANUAL

PREFACE

This manual has been written to assist managers of Road Transport Companies in the Central Asian Republics to operate their vehicles efficiently and legally in countries outside of the CIS.

Additionally, it is intended to provide a reference source for those companies who are developing international trade and are signatories or are planning to become signatories to the main international conventions affecting the transport of goods by road.

CONTENTS

1. Commercial Conduct of Business
2. TIR Convention
3. Carnet de Passage en Douane
4. ATP Agreement
5. ADR Agreement
6. Drivers Hours
7. Tachographs
8. Conditions of Carriage
9. Weights & Dimensions
10. Vehicle Selection

Appendices

Commercial Conduct of the Business

1 GENERAL ASPECTS

The nature of costing is to take the total figures for receipts, expenditures and profits shown in the profit and loss account, and to analyse these further to show how and where money has been spent, receipts earned and profits made.

It aims to provide management with information which will enable them to manage the affairs of the business in such a way as to improve efficiency and profitability.

The main way in which this may be done is by improving the quality of decisions made, in respect of both day-to-day operations, and planning for the future.

2 VEHICLE COSTING

2.1 THE OBJECTIVES OF COSTING

Costing is a management tool, not an end in itself.

When considered in relation to transport operation, four distinct objectives must be considered.

Planning As an aid to the overall planning of a company's distribution activities, decisions on vehicle ownership, contract hire, leasing, purchase and replacement policy, etc.

Management control As one means of measuring the effectiveness of management in achieving defined objectives.

Operational decisions As a guide to management in its day-to-day decisions regarding the operation of transport, in order that it may make decisions in the full knowledge of costs so incurred.

Product costing To ascertain the cost of transport associated with products or product groups, in order that their profitability may be more accurately assessed.

The method of costing to be adopted must be devised in the light of the relative importance attached to these various objectives and the nature of the transport operations involved.

The best system of costing is valueless, if it is not effectively used by management.

2.2 ANALYSING COSTS

In pursuit of these objectives figures may be analysed in various ways:

By activity Transport may be only one of a number of activities carried on by the business.

The profit and loss account will not normally separately identify these.

By manager Analysis should allow the responsibility of individual managers for expenditure and receipts to be seen.

By location If transport is operated from more than one centre, the costs, etc, incurred at each centre may be ascertained.

By areas of expense For example, vehicle operating costs, transport department overheads, general business overheads.

By nature of expense To show how much has been spent on individual items or areas of expense, eg wages, fuel, tyres.

By individual vehicles or groups of vehicles of similar make, model, capacity, age group, etc.

The precise degree of analysis which is useful will vary from organisation to organisation.

However, one function of costing must be to consider the relationship between costs incurred and work performed.

The most important factor in this relationship is the division of costs into fixed and variable costs.

2.3 FIXED AND VARIABLE COSTS

Consider the operation of a vehicle.

Some costs, such as fuel, will increase as the mileage run by the vehicle increases.

Such a cost is called a variable cost or running cost.

Other costs such as vehicle licences, will remain constant, whatever the mileage run.

A cost which behaves in this way is called a fixed cost.

It is important to remember that under these definitions it is the expenditure which is fixed or variable.

With variable costs, expenditure varies, but the unit cost remains constant.

For example, a truck does a trip of 120 miles at 12 miles to the gallon. If fuel costs £2 per gallon the total cost (expenditure) is 10 gallons x £2 = £20. The unit cost, ie cost per mile, is £20 divided by 120 = 16.7 pence.

If the same truck does a trip of 240 miles the total expenditure on fuel will be 20 gallons x £2 = £40. The unit cost (cost per mile) remains the same however, £40 divided by 240 = 16.7 pence.

With fixed costs, the opposite is the case.

If a vehicle insurance premium is £500, the expenditure is fixed, regardless of how many miles are run.

The unit cost (cost of insurance per mile) will vary however. If the vehicle runs 10,000 miles per year, the unit cost of insurance is (£500 divided by 10,000) 5p per mile; if it runs 50,000 miles, the unit cost is (£500 divided by 50,000) 1p per mile.

This means, in practice, that by increasing the mileage run by a vehicle the total cost per mile will be reduced.

Although the variable/running costs will be the same whatever the mileage run (at 'x' pence per mile), the fixed/standing/overhead costs (a set annual amount) will be spread over the higher number of units/miles, so that the fixed cost per mile will be halved, if the distance covered is doubled. Result: the total cost per mile will be reduced.

An item of cost is fixed or variable in relation to some other factor, in the examples quoted, mileage.

The basis of assessment to be employed must be decided, before any segregation into variable or fixed costs can be made.

Not all items of cost can be easily segregated into these two groups.

They may contain both fixed and variable elements – eg drivers' wages may include basic pay (fixed) and overtime and productivity payment (variable).

Costs such as these, which are sometimes called semi-variable, may be treated in one of two ways:

- included with either fixed or variable costs, according to their dominant characteristic;
- analysed into their respective parts, each part being shown separately under its appropriate grouping.

Costs of owned and hired vehicles should be separate at all times.

The total costs of operating a fleet of owned vehicles is basically fixed, those of hired transport are variable.

.2.4 ANALYSIS OF COSTS BY NATURE OF EXPENSE

The following headings summarise how transport costs fall into the basic categories of fixed or variable.

Own vehicles – fixed costs/standing costs

- Drivers' Wages (basic pay plus guaranteed pay)
- Drivers' Wages Overheads (basic pay plus guaranteed pay, eg National Insurance)
- Vehicle Licences (Vehicle Excise Licence, O-licence, etc)
- Vehicle Insurance
- Other Vehicle Costs (ropes, sheets, etc)
- Vehicle Depreciation

Own vehicles – variable costs/running costs

- Drivers' Wages – overtime
- Drivers' Wages – bonus
- Drivers' Expenses
- Fuel
- Maintenance Costs in Own Workshops
 - Wages
 - Materials
 - Overheads
- Outside Maintenance
- Tyres

Hired vehicles – largely variable costs

These costs may contain fixed elements – eg a weekly hire rate. There may be variable elements, eg an additional cost per mile. The cost of fuel is variable.

Departmental overheads – fixed costs

- Salaries
- Clerical Wages
- Premises
- Standing Charges
- Stationery
- Miscellaneous Costs

2.5 DEPRECIATION

The idea behind the depreciation process is that the initial cost of the vehicle is spread over its operating life, and becomes part of the cost of the work it performs during its life. However, normally, when assessing the initial cost of a vehicle to be depreciated, the cost of the vehicles' tyres are excluded. The cost of the tyres is included in the running costs.

Depreciation can only be accurately measured at the end of the life of the asset (when it is known how long it has lasted and what is its sale or scrap value), so annual depreciation costs are in effect estimates.

Most companies adopt the method of allocating a 'life' expressed in terms of a given number of years, to each asset purchased, and spreading the cost of the asset over that number of years work.

This method of approach, where the depreciation charge is fixed, regardless of the work actually performed, treats depreciation as a fixed cost. The depreciation charge is the same each year.

This method is called the 'straight-line' method.

Straight-line method The estimated scrap value of the asset (vehicle, etc) is deducted from its original cost.

The balance is divided by the number of years of estimated life, to arrive at an annual depreciation charge to set against revenue (ie income).

For example, a vehicle costs £20,000, has an estimated useful working life of five years and an estimated scrap value in five years of £5,000. The balance, £15,000, divided by the five year life, gives an annual depreciation charge of £3,000.

Reducing balance method Another method of calculating depreciation is by the reducing balance method.

In this case the actual depreciation charge is a constant proportion or percentage of the diminishing value of the asset.

For example, the £20,000 vehicle with an estimated useful working life of five years and a scrap value of £5,000 might be depreciated by 20% per year until it reaches its scrap value: ie £4,000 in year one – leaving a balance of £16,000; £3,200 in year two, leaving a balance of £12,800; £2,560 in year three, etc.

Depreciation as a function of use Another way of calculating depreciation is to consider it as a function of use.

A vehicle which is operated for 50,000 miles per annum will need to be replaced sooner than one which operates only 20,000 miles per annum.

This suggests that depreciation is a function of use, ie it is a variable cost.

A few firms base depreciation on mileage run.

This more complicated approach is only justified where a charge is made per mile run or where there are large seasonal or other variations in mileage.

If a vehicle was purchased, put in a garage and never used, it would still lose its value, however.

In fact depreciation is a semi-variable cost, a vehicle losing value both with the passage of time (fixed cost) and with use (variable cost).

Where the time-life fixed is realistic for the work performed and the mileage run the fixed cost approach is reasonable.

If these factors vary significantly it may be better to adopt a more flexible approach.

If a fixed life is allocated and the basis of operation is then changed, eg the two-shift working is introduced, the life of the vehicle should be reviewed.

While depreciation has traditionally been based on the original purchase price (historic – cost depreciation) it is now becoming common practice to base the calculation of depreciation on the cost of replacement (replacement cost depreciation).

This is because in periods of rising prices, the cost of replacing an asset may be very much greater than its original cost.

Under replacement cost depreciation the asset will be revalued at intervals and depreciation charges adjusted accordingly.

2.8 DIRECT COSTS AND INDIRECT COSTS/ADMINISTRATIVE COSTS/OVERHEADS

This is a further distinction which may be made in the analysis of costs.

Direct costs Those which may be said to arise as the direct result of an operation.

In the case of transport, drivers wages, fuel, maintenance, licences, etc, would fall into this category.

Overheads Those costs, which while necessary for the operation of the business, cannot be directly related to work performed, but can only be assigned to operations on a comparatively arbitrary basis.

Examples in the field of transport are salaries, clerical wages, costs of premises occupied, etc.

This division into direct and overhead costs is valid only in respect of a specific operation.

The whole cost of transport, including both the direct transport costs, and those overheads allocated to the transport operation, may be regarded as overhead charges in the accounts of the whole company's operation.

The term 'on cost' is sometimes heard. This is another term for overhead, but is now used less frequently than in the past.

3 CALCULATING HAULAGE RATES

Calculating rates may be necessary for various purposes:

- To determine the cost of a specific 'one-off' journey, for accounting or control purposes.
To establish a rate to be charged for work performed.
- To enable a quotation to be given to a potential customer for work to be done.

Running costs are determined on a cost per mile basis. Total costs are determined by specific allocation.

3.1 AVERAGE COST PER MILE RATES

A common way of making this evaluation is to multiply the mileage involved by the average cost per mile. This may give very misleading answers however.

Example

- Average cost per mile 60p

Journey 1

A vehicle loads, drives to a customer 100 miles away unloads, and returns.

Time taken	10 hours
Miles run	200

Journey 2

A vehicle loads, drives to docks 10 miles away, waits for hours to be unloaded and returns.

Time taken	8 hours
Miles run	20

Cost based on average cost per mile:

Journey 1	200 @ 60p = £120.00
Journey 2	20 @ 60p = £12.00

These costs are obviously incorrect.

The correct way to assess the cost must involve a breakdown of costs into different categories – fixed, variable, overheads – and an analysis of time and mileage taken. (Assessed by 'specific allocation'.)

Such a system of evaluation may seem complex but other methods will only lead to inaccurate estimates.

Even if such calculations are only required infrequently it is a good idea for the transport manager to be familiar with the cost per day and cost per mile figures.

The cost implications of day-to-day events will then be more clearly understood.

3.2 CALCULATED RATES

The more sophisticated approach involves an analysis of the different vehicle costs and a realistic sharing out of them to individual journeys.

These costs include:

- fixed costs of vehicle and driver as a rate per day or hour;

- running (variable) costs per mile and length of journey;
- other specific costs, eg incidental expenses;
- allowances for business overheads and profit.

From these, a calculated rate can be arrived at on the basis of which a charge to the customer can be decided on. The following is an example of the calculation of a rate:

Stage 1

Calculate the standing or fixed costs of the vehicle and driver, as a rate per day or hour.

Decide how long a job is likely to take, and charge the appropriate number of hours at the hourly rate.

Time taken must include loading and unloading time.

eg Standing costs	£16,000 per year
Estimated working days	220 per year
Estimated working hours per day	9
Working hours per year	1,990 – say 2,000
Rate per hour	£8 (ie £16,000 ÷ 2,000 working hours per year)
Estimated time for journey	17 hours
Charge 17 x 8	£136

Stage 2

Calculate the running costs of the vehicle, in terms of cost per mile, and multiply the length of journey by this to give the amount to be charged.

eg Running costs	30p per mile
Total mileage	350 miles
Charge	350 x 30p = £105.00

Stage 3

Add on any other costs specific to journey.

In this case say an allowance of £17 for drivers overnight accommodation and incidental expenses.

Stage 4

Add allowances to cover business overheads and profit.

The normal procedure is to use predetermined percentages to add to calculated costs, for this purpose.

These percentages will normally be based on budgeted figures and will recover the budgeted overheads over the expected level of activity.

If less work is carried out than is budgeted under-recovery will therefore occur.

The rate used for profit will also be based on budgets, and will be designed to yield a desired rate of return on invested capital.

If these rates are calculated at 20% for overheads and 10% for profit, the rate calculation would be completed as follows:

Standing costs	£136.00
Running costs	£105.00
Drivers expenses	£17.00
	<u>£258.00</u>
Add 20% for overheads	£51.60
	<u>£309.60</u>
Add 10% for profit	£30.96
	<u>£340.56</u>

8.3 THE RATE TO THE CUSTOMER

The rate to be charged to the customer may not however be the same as the calculated rate.

Two separate factors need to be considered:

- The costs of a given operation, which will determine the cost of a specific movement. This, plus an acceptable addition for profit, may be described as the calculated rate.
- The rate which the market will bear, which is the rate which will normally be charged.

4 METHODS OF PAYMENT

Payment by a customer for goods or services can be made to the producer or supplier in a number of different ways. Most obvious ways are cash and cheques.

A substantial amount of business is carried on by means of credit.

Credit can take many forms, ranging from the informal credit of taking time to pay an invoice to the legal contract constituted by an agreement of one form or another; eg a hire purchase or credit sale agreement.

Cash The direct exchange of money for goods is the most common form of payment.

Most small-scale transactions are performed in this way.

The term 'cash' in fact includes cheques and other forms of direct payment in which an immediate payment is made to complete the transaction.

Credit Credit is the granting of the use or possession of goods and services without immediate payment.

There are two main types of credit: consumer and trade.

1 **Consumer credit** Credit extended formally and informally by shopkeepers, finance houses, and others to the ordinary public for the purchase of consumer goods.

Such credit includes:

Paying for goods in arrears – eg within one month of supply – in effect a loan from the supplier.

Provided he has advised the purchaser at the time of purchase, the supplier may charge interest on amounts not paid within the agreed period.

Credit cards, allowing repayment over a period – in effect a bank loan.

Budget accounts, where a regular monthly payment allows goods to be purchased up to many times the value of the payment – a loan from the trader.

Hire purchase and credit sale agreements In a hire purchase agreement, the goods are hired to the user who is given an option to purchase them.

In a credit sale, the goods become the property of the purchaser upon payment of a deposit or first instalment, the balance being paid through five or more instalments.

For all, except paying in arrears, interest or servicing charges will be made. Where a charge for credit is made the creditor will usually require a credit licence issued by the Office of Fair Trading under the Consumer Credit Act.

2 **Trade credit** Virtually all exchanges in manufacturing industries, services and commerce are conducted on credit.

At the very least this takes the form of credit extended for a specified term, eg 14 days, one month, 60 days, by material suppliers to manufacturers to wholesalers to retailers.

Firms may allow small discounts on accounts settled within a shorter period than the term of credit allowed.

Credit enables a producer to bridge the gap between the production and sale of goods, ie he may produce goods using raw materials he has not paid for and hope to sell them before he has to.

At the same time, however, he may allow his customers credit and so may himself be kept waiting for payment.

The money he needs to finance this credit is, of course, part of his 'working capital'.

Trade discount

The amount of trade discount allowed will vary according to the quantity and nature of the goods. Articles which have a quick sale and are not kept in stock for a long time, eg tobacco and confectionery, have a relatively low rate of trade discount. Other articles, such as pianos and furniture, which may have been stocked for many weeks before a sale is effected, are often subject to a high rate of discount making it worthwhile for the retailer to incur the trouble of stocking such slow moving articles.

'Trade discount' is the discount allowed to the retailer against the supplier's catalogue selling price. The resulting price is sometimes known as the 'wholesale' price.

4.1 DOCUMENTS AND RECORDS

Most of the millions of business transactions which happen daily are straightforward sales of goods for cash.

For such transactions, no specific record is kept.

For other more complex transactions, especially those taking place over a long period of time, formal records are usually needed, so that reference can be made to them.

One form of record kept by all businesses is the books of account.

Other records take the form of documents passing between the buyer and the seller in a transaction.

Both sides will usually keep duplicate copies of the documents used.

A typical transaction between a wholesaler and a retailer, or a manufacturer and a client may involve some or all of the following documents and records.

4.2 QUOTATIONS AND ESTIMATES

- a **Quotation** A retailer makes an enquiry to a supplier about purchasing goods. The supplier replies with a quotation which may be a price list.

The quotation states:

- prices at which goods can be supplied;
- terms including discounts available;
- cost of carriage of the goods;
- time required for delivery;
- period for which the price will remain valid.

Where the term 'Carriage Forward' is used, this means that payment for transport will be the responsibility of the consignee.

Where the term 'Carriage Paid' is used, this denotes that the carriage charges will be paid by the sender of the goods.

- b **Estimate** The dictionary defines an estimate as: "an approximate calculation, a judgement, an opinion".

An estimate, as opposed to a quotation, is given when the person asked to perform a task cannot be absolutely sure of the work and expense involved. For example, when a vehicle repairer is asked to repair a vehicle and he is unable to ascertain the condition of the faulty parts and the amount of repair/replacement work necessary without stripping the vehicle down. This stripping down would cost money and the repairer would not be prepared to do this unless he was paid for it. Equally, the customer would not wish to spend such money until he had a fair idea of the cost of the repair and who he was going to give the job to.

Estimates, rather than quotations, are also sometimes given because to give a quotation involves the repairer in more work, thought, etc, as a quotation is expected to be accurate. It involves him in stating precisely what it will cost to complete the work satisfactorily, replacing/repairing the parts and supplying the labour. He will not want to involve himself in this rather risky commitment if he is not reasonably certain of getting the job. You will all know of companies who, when one of their vehicles is damaged, require (perhaps) three 'quotations' for the repair work, even though they are pretty certain which repairer will get the job. The other repairers approached are only being used to 'check the market' without any real likelihood of the job materialising.

In order to cover for any unknown factors that may arise, when the repairer gives an estimate he will say that if, when the vehicle is stripped down, and he is more accurately able to state the cost of repair, he will give a revised estimate or even a quotation. He will then be able to offer alternative solutions to the problem such as repairing the worn items or replacing them with new parts.

Equally the customer will guard his rights in respect of expense by saying to the repairer that he may go ahead with the repair, but either he is only prepared to pay up to a certain amount, or, that as soon as the repairer sees that the work is likely to cost above a certain sum he, the customer, should be advised.

4.3 ORDER

An order is a request by a customer to be supplied with goods or services.

An order for goods following consideration of the quotation will usually include the following and may take the form of a specially printed order form:

- an order number, which can be quoted in any correspondence;
- names and addresses of both parties;
- description of goods, catalogue numbers, etc;
- prices - in practice price may not always appear on an order;
- delivery date required;
- address for delivery;
- any special circumstances, eg instruction about delivery or packaging.

Orders may well be made in a duplicate book so that the customer can keep a carbon copy of the order sent to the supplier.

4.4 INVOICE

The most important document in the transaction is probably the invoice which reveals to the customer exactly how much is due for the delivery of goods.

It is, in other words, the bill, prepared usually in duplicate.

The customer will use his copy for recording the purchase in his records and for checking the goods.

The supplier's copy is a record of sale.

The invoice is often sent ahead of the goods, in which case it takes the place of an advice note – a document informing that goods are shortly to arrive. The expression 'Account Rendered' is used to indicate that goods and services have been invoiced for payment.

Details include:

- order number;
- addresses;
- supplier's VAT registration number;
- quantities, description and prices;
- terms of payment;
- form of delivery.

In addition an invoice may include:

- the letters E&OE, an abbreviation for Errors and Omissions Excepted – a safeguard against clerical errors in the invoice. The customer will check the goods received against the invoice, inform the supplier of any inconsistencies and file the invoice for future reference.

A delivery note would look very similar to an invoice, but without the price column.

A delivery note in duplicate usually accompanies the goods and one copy will be signed by the customer receiving them. It is retained by the carrier as a form of evidence of receipt.

.4.5 CREDIT NOTE

Often printed in red, a credit note is sent by the supplier to the customer crediting him with the amount shown for one or more of a number of reasons.

For example:

- goods overcharged;
- goods damaged;
- wrong or inferior goods sent and returned;
- refunds, eg on cases returned;
- invoice wrongly sent.

This is the usual way to correct a fault in the transaction which has resulted in the customer having paid too much, or having credit owing to him.

An amended invoice might be sent instead but in no circumstances should the original invoice be altered.

4.8 DEBIT NOTE

The counterpart to the credit note is the debit note where an adjustment is needed to an invoice when the customer owes an additional sum to the supplier.

A debit note might be used in the following circumstances:

- more goods sent than invoiced and retained;
- goods undercharged;
- better quality goods sent;
- omissions in the invoice.

The customer's account would be debited accordingly with the additional amount.

.4.7 STATEMENT

At the end of each trading period, usually one month but sometimes more often, the supplier will send the customer a statement of account which summarises his financial position with him and requesting payment of the outstanding balance.

It is a copy of the customer's account as recorded in the supplier's ledger and it shows:

- cash discount available;
- totals of invoices for the period;
- adjustments for credit and debit notes;
- outstanding balance due.

A haulier's record of account for a customer will show at the beginning of a particular period an opening balance. This will be the amount of money owed by the customer to the haulier for work performed, but for which payment has not yet been received.

Below this figure will be set out individually the sums of money (cheques, etc) received from the customer, which are CREDITED to his account and any additional charges made against the customer for subsequent work done, which are DEBITED to his account.

At the end of the period the account will be balanced and this figure will be notified to the customer by way of a Statement of Account.

Example:

	Debits	Credits	Balance
Opening Balance			£3,000
Details (item charged to customer)	£750		
Details (money received from customer)		£1,250	
Details (item charged to customer)	£1,000		
Final Balance			<u>£2,500</u>

The following month's statement will begin with the balance and include credits for payments made during the period and details of any further transactions.

The invoice must be distinguished from the statement.

An invoice informs, giving details of the goods enabling the customer to check against his order.

A statement is a request for payment of the outstanding amount due. It does not give details beyond the totals of transactions and cross references to the relevant outstanding invoices covered by the statement.

Some firms may expect invoices to be treated as requests for payment, in which case the cash discount period would run from the invoice date.

4.8 CONSIGNMENT NOTE AND WAYBILL

This is a formal instruction to the transport firm/department to accept the goods and deliver them to the customer. The driver will usually ask the customer to sign a copy of the consignment note as proof that the goods have been delivered.

Thus it is similar in function to the advice note and the delivery note but is normally only used when the carrier is a third party - ie not the supplier or the customer.

A 'waybill' or delivery sheet is normally made out by a carrier, detailing for his driver's convenience, the list of consignments received from various senders for delivery to particular customers on his delivery round. It will provide space normally in column form for: the consignment note numbers, names of senders, names and addresses of consignees, description of package(s) and weight, and whether any money should be collected. It also has a space for the consignees to sign to record receipt of the consignment and whether the consignment was received in good order.

4.9 SETTLING AN ACCOUNT

Normally a customer will settle his outstanding account with a supplier through the banking system.

For example:

- by cheque direct to the supplier;
- by credit transfer (eg Bank Giro or an instruction to the bank to transfer money to another bank or branch).

If payment is by cheque, no receipt is usually required, since a cleared cheque is accepted proof of payment.

If payment is by credit transfer, the bank issues a receipt.

If payment is made by cash, a receipt will be required as proof of payment.

The TIR Convention

1 INTRODUCTION

The TIR Convention is a Customs Convention originating from the Economic Commission for Europe under the auspices of the United Nations in Geneva.

The Convention is designed to facilitate the international transport of goods by simplifying Customs requirements. Under its provisions, approved vehicles and containers, having been sealed after examination at the Customs Office of departure, and certain large or heavy loads carried on open vehicles, are normally free from further Customs examination until the Customs Office of destination is reached. Furthermore, the carnet serves as a bond guaranteed by the issuing organisations, thus exempting the operator from payment or deposit of duties which would otherwise be levied in countries through which the goods are carried in transit.

The Convention in itself gives no absolute right of access with a goods vehicle, it simply says that Customs officers will accept the vehicle and documents as being suitable for carrying goods on international journeys – for access to any country with a goods vehicle, students should refer to other sections of these notes.

The Convention does not relate solely to road transport. For example, a container can be loaded and sealed in the USA, come by sea to France, then go by rail to Turkey and on by road to the Middle East, all under one TIR Carnet. It is permissible to use only one carnet to cover both elements of a road train or a vehicle carrying more than one container.

1.1 SIGNATORIES

The full list of signatories as at 24 September 1994 is as follows:

Afghanistan	Estonia	Latvia	Slovenia
Albania	France	Lithuania	Spain
Algeria	Former Yugoslav Republic of Macedonia	Luxembourg	Switzerland
Armenia	Georgia	Malta	Tunisia
Belarus	Germany	Moldova	Turkey
Belgium	Greece	Morocco	Ukraine (1 July 1995)
Bosnia and Herzegovina	Hungary	Netherlands	United Kingdom
Bulgaria	Indonesia	Norway	United States of America
Canada	Iran (Islamic Republic of)	Poland	Uruguay
Chile	Ireland	Portugal	Yugoslavia
Croatia	Israel	Republic of Korea	European Union
Cyprus	Italy	Romania	
Czech Republic	Kuwait	Russian Federation	
Denmark		Slovakia	

Whilst all the members of the EU are party to the convention the documents may only be used by EU Member States' vehicles if the journey leaves community territory and EFTA at some point.

1.2 THE CONVENTION

The convention may be divided into two parts:

- 1 The approval of the vehicle/container
- 2 The TIR carnets – the International Road Transport Union (IRU) is the international guaranteeing organisation, and TIR carnets are issued and guaranteed in the contracting countries by its members in those countries.

2. THE CARNET

The TIR carnet itself is basically a book of pairs of 'tickets' numbered '1' and '2', bound in a cover with counterfoils. One ticket is given up on entry to a country, the second, either on exit or on clearance. Each ticket consists of a manifest and journey details which has to be completed by the operator before the journey commences, a second part of the ticket including a counterfoil, which remains in the book, is completed by the Customs Administrations. On completion, the driver is left with a book of counterfoils which he must return to the issuing Association in his country. The carnet being returned should have had an even number of pages removed, ie two for each country and have a Customs stamp on each counterfoil. For journeys which transit EU Member States, the whole of the Community is regarded as a single country. TIR carnets are available in two sizes.

14 volet (14 pages) to be used for up to seven countries (and crossing six frontiers), normally used for journeys as far as Turkey or into Eastern Europe.

20 volet (20 pages) to be used for up to 10 countries (and crossing nine frontiers), and essential for Middle East traffic.

A carnet covers one outward or one return journey only.

The carnets are valid for 45 days regardless of size. Time limit runs from date of issue to start of journey (ie at Customs office of departure).

These time limits are set by the insurers and the powers of extension are limited to emergencies only and may only be extended by the National Associations. When a Customs Office stamps a carnet at the point of entry it has the right to impose a time limit on the length of the journey in that country, eg Turkey imposes a limit of about five days for a transit operation. Customs can also set the route to be followed.

The Associations' liability extends to all goods within the sealed part of the vehicle whether they are entered on the carnet or not.

The carnet must be completed in the language of the country of departure and must be returned to the issuing authority within 15 days of use or expiry.

2.1. GUARANTEES TO CUSTOMS

Once the national associations have been accepted by IRU and their own national Customs administration, they become guaranteeing associations and they must be prepared to pay export duties, import duties, taxes, interest, and any other charges incurred by the holder of the TIR carnet. The national associations not only issue carnets but they must also act on behalf of other countries' carnets when there is a claim from other national Customs,

2.2. CLAIMS

Under the 1975 TIR Convention the maximum claim against an issuing Association is \$50,000 per carnet. A special carnet is required in respect of the carriage of most tobacco and alcohol products. The limit of liability on each tobacco, alcohol carnet is \$200,000. However, from November 1994 the tobacco, alcohol carnet was suspended by the IRU as it had become increasingly under pressure from fraud. As at January 1995 the tobacco, alcohol carnet is still not available.

SENSITIVE GOODS

Special arrangements are also in force for sensitive goods carried under ordinary TIR carnets. Sensitive goods are defined as:

- a meat of any type and origin, including livestock;
- b milk including powdered milk;
- c butter;
- d sugar.

Claims can not be made in respect of fines or other punitive duties. (Under the 1959 Convention fines could be claimed and the maximum liability was unlimited.)

A Customs authority has one year in which to notify non-discharge of a carnet or two years if a certificate of discharge, ie the last page of the carnet that was cleared, was obtained by fraud.

The claim for payment must be made within three years of the date of notification of non-discharge. Where a case goes to court then payment must be made within one year of the court's final decision. The associations have to pay within three months.

2.3. OPERATORS' GUARANTEES

The liabilities to the guaranteeing bodies can be severe and as a result the issue of carnets is restricted to operators who can produce suitable indemnity. The exact rules are at the discretion of national associations. All TIR users must provide a guarantee for the equivalent of US\$5,000 except where sensitive goods are carried where the guarantee is for the equivalent of US\$55,000. Should the tobacco, alcohol carnet suspension be lifted the guarantee would probably be at least \$200,000 per carnet. The guarantee is usually only used as a last resort as the operator must settle any claims automatically. The operator is required to sign a contract with the Association agreeing to be bound by the rules of the TIR Convention and the rules of the issuing association. In the UK, carnets are only issued to members of the respective associations.

As of October 1995 a system of checking carnets after Customs clearance is to be introduced. The checking will be carried out by SGS under the auspices of the IRU.

2.4. ACCIDENTS WHILE UNDER COVER OF TIR CARNETS

If a vehicle under cover of a TIR carnet is involved in an accident such that the seals are broken or the bodywork is damaged allowing the goods to be accessible, the operator must follow a set procedure.

He must inform the nearest police or Customs authority who must check the load and note any losses as a result of the accident. The losses should be entered on an official report which must be stamped

Where the goods are then transferred to another vehicle under cover of a different carnet a note must be entered on the old carnet and the official report of the transfer.

The carnet and official report must be returned to the issuing association as soon as the matter is resolved.

3 APPROVAL OF VEHICLES AND CONTAINERS

Normally before a vehicle or container can be used under the TIR carnet scheme it must be examined by the appropriate authorities in the operator's home country to ensure compliance with the detailed requirements relating to construction and equipment which are laid down in the Convention. HM Customs and Excise are responsible for seeing that this Convention is adhered to,

The basic principles of the technical standards in the Annex to the 1975 Convention are as follows:

Approval for the international transport of goods under Customs seal may be granted only to vehicles, and containers, the load compartments of which are constructed and equipped in such manner that:

- a no goods can be removed from, or introduced into, the sealed part of the vehicle without leaving obvious traces of tampering or without breaking the Customs seal;
- b Customs seals can be simply and effectively affixed to them;
- c they contain no concealed spaces where goods may be hidden;
- d all spaces capable of holding goods are readily accessible for Customs inspection.

4 TIR PLATES

Vehicles which are being used under TIR must be fitted at the front and rear with rectangular plates bearing the letters TIR. The plates must be attached so as to be clearly visible and both must be removable or fitted or designed in such a way that these plates can be reversed, covered, folded or indicate in any other manner that TIR transport is not being carried out. The letters must be in white on a blue background, and must be 200mm high with stroke widths of at least 20mm. The plate itself must measure 250mm x 400mm.

5 SEVERAL LOADING/UNLOADING POINTS - BASIC RULES

- 1 A TIR operation may involve several Customs offices of departure and destination, but the total number of Customs offices of departure and destination shall not exceed four.
- 2 A TIR Carnet may only be presented to Customs offices of destination if all Customs offices of departure have accepted the TIR Carnet.

Carnet de Passage en Douane

1 INTRODUCTION

The Customs document known as a Carnet de Passage en Douane guarantees Customs authorities that a foreign vehicle going into another country's territory will only remain on a temporary basis up to a maximum of 12 months. The Carnet allows multientry, however, the document itself gives no right of access, ie it does not do away with permit requirements – if they exist – it simply guarantees Customs that if a vehicle is left in a country for more than 12 months the issuing authority will pay all taxes. This applies equally to commercial vehicles and to private cars.

2 CARNET DE PASSAGE EN DOUANE

The document is a book of 'tickets'. There is a pair of tickets on each page with a counterfoil, one ticket is for entry, one is for exit, the counterfoil is duly stamped and retained in the book.

- a The carnet is valid for 12 months from date of issue; extension is permissible, although not recommended, but only up to a maximum of three months with the authority of the issuing organisation and the Customs administration. Evidence must be shown why it is necessary.
- b All weights in the carnet must be expressed in metric terms.
- c The value of the vehicle must be in the currency of the country of issue of the document.
- d Loose equipment, eg tools, need not be listed unless Customs so require.
- e The vehicle must be exported within the validity period and this rule may only be ignored in the following circumstances:
 - i the import duties and taxes are paid;
 - ii if a vehicle is wrecked the wreck is given up to the exchequer of the country in which it is left;
 - iii it is destroyed under official supervision.
- f If the carnet is not discharged correctly and the vehicle is re-exported then an official report must be completed by one of the competent authorities authorised to do so, these are: the judiciary, mayors, police and Customs. This report can only be made after one of these authorities has seen the vehicle. If a Customs Authority has to ask for this report then it is entitled to make a charge. The guaranteeing associations have one year from the date of non-discharge to furnish this report as proof of re-exportation

3 WHERE IS THE CARNET DE PASSAGE REQUIRED?

At the present time the Carnet de Passage is required in the following countries for the vehicles listed:

Turkey (non-enclosed loads)	}	any motor vehicle, trailer or semi-trailer
All the Middle Eastern Countries		
France		all trailers and semi-trailers unless they have a test plate issued by the Goods Vehicle Centre, in Swansea
Italy		vehicles remaining in Italy for more than three months
Portugal		vehicles remaining in Portugal for more than one month
Greece		any vehicle which stays for more than 10 days

4 GUARANTEEING ASSOCIATIONS

The international guaranteeing associations are:

The International Touring Alliance (AIT) in Geneva

The International Automobile Federation (FIA) in Paris.

The international guaranteeing associations, through their members in each contracting party state, issue the necessary documents to operators. The associations guarantee through the UN that they will honour all claims. Each of their members in the various contracting parties have to make a similar guarantee to their Customs administration not only guaranteeing the documents they issue but also any other countries' documents used in their country.

ATP Agreement

TRANSPORT OF PERISHABLE FOODSTUFFS

.1 TITLE

The Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be used for such Carriage (ATP). The initials, ATP come from the French title: "Accord relatif aux transports internationaux de denrées périssables et aux engins spéciaux à utiliser pour ces transports". The French Government was responsible, more than any other, for the Agreement's initiation and successful adoption.

The ATP Agreement was negotiated by the Inland Transport Committee of the UN Economic Commission for Europe. It was designed to apply to surface transport within Europe.

.2 THE LAW

The law applies to both own account and haulage international journeys because it is a standard of quality.

.3 PURPOSE

- a To facilitate international traffic in certain perishable foodstuffs.
- b To raise the standard of the international carriage of such foodstuffs.
- c To ensure fair competition between operators.
- d To protect perishable foodstuffs from deterioration, thereby promoting the public's health.

.4 HOW TO BE ATTAINED

The main features of the Agreement

- a Lay down technical standards for the thermal efficiency of refrigerated and insulated vehicles and containers used in the international carriage of perishable foodstuffs.
- b Set down the method of testing of such equipment and its certification by national authorities.
- c The reciprocal recognition of national certificates.

.5 JOURNEYS AFFECTED

The Agreement applies to insulated, refrigerated and heated transport equipment used, or intended to be used, for the international carriage of perishable foodstuffs where the journey is, or is to be, effected by road or rail, or by a sea crossing of less than 150km, or by any combination thereof. Provided:

- a that the point at which the goods are, or the equipment containing them is, loaded on to a road or rail vehicle and the point at which the goods are, or the equipment containing them is, unloaded from that vehicle, are in two different countries; AND
- b the point at which the goods are unloaded is situated in the territory of a contracting party; AND
- c the goods are not 'transloaded' for any sea crossing involved.

.6 CONTRACTING PARTIES

Up to now the following 27 countries have both ratified and acceded to the ATP Agreement:

Austria - Belgium - Bulgaria - Croatia (succession) - Czech Republic and Slovakia (succession) - Denmark - Eire - Finland - France - Germany - Greece - Hungary - Italy - Luxembourg - Morocco - Netherlands - Norway - Poland - Portugal - Russian Federation - Slovenia (succession) - Spain - Sweden - United Kingdom - USA - Yugoslavia*

Signed but not ratified - Switzerland.

* The Yugoslavia accession remains in force and the new republics succeed to the agreement if they continue to accept it.

7. THERMAL EFFICIENCY

Under the Agreement the equipment must be able to perform so that the maximum temperature of any part of the load during loading, carriage and unloading does not exceed a temperature appropriate for the goods intended to be carried. For example:

For frozen foodstuffs:

Ice cream and frozen concentrated fruit juice	-20°C
Butter and other frozen fats	-14°C
Frozen meat	-10°C

For certain non-frozen foodstuffs:

Milk in tanks for immediate consumption	+ 4°C
Yogurt, cream and fresh cheese	+ 4°C
Fish other than smoked, salted, dried or live	+ 2°C

8. CERTIFICATE OF COMPLIANCE

Carriage When perishable foodstuffs are being transported internationally and a certification plate is not fixed to the vehicle, the certificate, or a photo-copy, shall be carried by:

- i the driver of the motor vehicle or tractive unit, when the journey is effected entirely by road or a combination of road and sea, without transloading;
- ii the operator of the equipment in any other case.

THE ADR AGREEMENT

1. PURPOSE

The purpose of the Agreement is to ensure that dangerous goods transported by road will be able to cross European frontiers without hindrance provided:

- a that the goods are packed and labelled in accordance with Annex A to the Agreement entitled 'Provisions concerning dangerous articles and substances'; and
- b that the goods are carried in vehicles in accordance with the provisions of Annex B to the Agreement entitled 'Provisions concerning transport equipment and transport operations'.

The Agreement lays down the requirements for the carriage by road of dangerous goods defined in the Agreement on international journeys and not only lists the dangerous materials but stipulates how they should be packed, stowed and carried.

In addition the Agreement requires that tank vehicles and vehicles carrying tank containers or demountable tanks and certain vehicles which carry explosives must undergo a technical inspection in their country of origin.

2. CONTRACTING PARTIES

The following countries are Contracting Parties of ADR:

Austria	Denmark	Luxembourg	Slovakia
Belgium	Finland	Netherlands	Slovenia
Belorussia	France	Norway	Spain
Bosnia – Herzegovina	Germany	Poland	Sweden
Bulgaria	Greece	Portugal	Switzerland
Croatia	Hungary	Romania	United Kingdom
Czech Republic	Italy	Russian Federation	Yugoslavia, Former Territories of

In a number of these countries ADR standards are required to be met by their own domestic transport carrying dangerous goods.

Eire has introduced ADR as its own domestic legislation, but has not yet signed the ADR Agreement.

3. GOODS AFFECTED

Under the Agreement, 'Dangerous Substances' include pure chemical products as well as certain types of mixtures and preparations containing them, including dangerous wastes. 'Dangerous Articles' include, for example, empty uncleaned receptacles and packages and aerosols.

4. CLASSES

The substances and articles of ADR are divided into nine classes in line with the Recommendations of the UN Committee of Experts on the Transport of Dangerous Goods, as follows:

Class 1	Explosive substances and articles	Restrictive
Class 2	Gases: compressed liquefied or dissolved under pressure	Restrictive
Class 3	Flammable liquids	Non-restrictive
Class 4.1	Flammable solids	Non-restrictive
Class 4.2	Substances liable to spontaneous combustion	Non-restrictive
Class 4.3	Substances which give off flammable gases on contact with water	Non-restrictive
Class 5.1	Oxidising substances	Non-restrictive
Class 5.2	Organic peroxides	Non-restrictive
Class 6.1	Toxic substances	Non-restrictive
Class 6.2	Infectious substances	Non-restrictive
Class 7	Radioactive substances	Restrictive
Class 8	Corrosive substances	Non-restrictive
Class 9	Miscellaneous dangerous substances and articles	Non-restrictive

In the 'restrictive' classes only those substances which are specifically listed by name may be carried. A substance falling within the scope of such a class but not listed by name is prohibited unless a Special Agreement has been concluded between the countries concerned. A substance falling within the scope of a 'non-restrictive' class may be carried whether it is listed or not. Substances which are not defined or covered by a generic heading in any of the classes are not considered to be dangerous substances within the terms of ADR and are not subject to the provisions of the Agreement.

Class 9 covers substances and articles which, during carriage, present a danger not covered by the headings of other classes, eg asbestos.

5. ANNEX A – CONSIGNOR RESPONSIBILITIES

Annex A to the Agreement sets out the conditions regarding the classification, packing, marking and labelling of dangerous goods, including hazardous wastes.

This Annex contains, for each Class other than Class 7, a list of dangerous substances constituting the class and a set of provisions sub-divided as follows.

6. PACKAGES

- i General conditions of packing:
 - maximum quantities in a single receptacle, bag, etc, and in the receptacles making up any package;
 - material to be used for receptacle;
 - interior packing/cushioning material.
- ii Special conditions for the packing of certain substances.
- iii Packing of mixed substances.
- iv Markings and danger labels on packages:
 - identification;
 - number and type of danger label(s).

The provisions relating to danger labels are given in Appendix A9 to the Agreement. This states that:

- they must be of the design shown in Appendix A to these notes;
- an inscription, in figures or letters, concerning the nature of the hazard, may be placed on the lower part of the labels;
- where danger labels are required they must be affixed on packages or fixed tanks in a suitable manner. Only when this is impossible may labels be affixed on cards attached to the package. On outer packagings and on fixed tanks indelible danger markings corresponding exactly to the prescribed models may be used instead of labels;
- it is the consignor's duty to affix the labels to packages and, where appropriate, be fixed to tanks and containers.

IMPORTANT NOTE

As any international road transport operation to or from the UK will almost certainly include a ferry crossing, dangerous goods must meet the requirements for packing, marking and labelling of the International Maritime Dangerous Goods (IMDG) Code. On such journeys, for packages not exceeding 450 litres or 400kg (net mass) ADR permits the carriage of dangerous goods which are packed, marked and labelled in accordance with the IMDG Code but not entirely in accordance with the provisions of the Agreement.

When dangerous goods are being carried under the terms of the ADR Agreement the consignment must be accompanied by a transport document. There is no special ADR format for this document, although it must show specific information.

The consignor must advise the carrier in writing of the particulars to be included. The official language of the forwarding country must be used, but where this is not English, French or German, then one of these three languages must also be used.

The transport document should contain:

- 1 the substance identification number, ie UN number (if applicable);
- 2 the name of the substance as specified in ADR;
- 3 the hazard class;
- 4 the ADR item number together with the item letter (if any);
- 5 the initials ADR (or RID);
Example: UN1868 Decaborane, 4.1, 16° (b), ADR;
- 6 the number and a description of the packages;
- 7 the gross mass (also net for explosives) in grams or kilograms;
- 8 the name and address of the consignor;
- 9 the name and address of the consignee(s);
- 10 any other relevant statements, eg a declaration that the load does not exceed the exemption limits of ADR.

A declaration that the substance is being carried by road in conformity with the provisions of ADR must be incorporated into or combined with the transport document.

Written emergency instructions must also be carried. These should be provided to the carrier, at the latest, when the transport order is given. Although the Agreement does not lay down an exact format for the document containing these instructions many operators provide a TREMCARD, ie Transport Emergency Card, to meet this requirement. The instructions must be provided in the language of the country of origin, and (where different) a major language of each country of transit and destination must be carried in the vehicle cab. The following information must be shown in the document(s):

- a the nature of the danger inherent in the dangerous substances being carried, and the safety measures that need to be taken;
- b the action to be taken and treatment to be given in the event of persons coming in contact with the goods;
- c the measures to be taken in case of fire and the fire-fighting equipment not to be used;
- d the measures to be taken in case of breakage or deterioration of packagings or of the dangerous substances being carried, particularly in respect of spillage over the road;
- e for aquatic pollutants the measures to be taken in the event of spillage to avoid or minimise damage to the aquatic environment.

In the case of certain tanker vehicles or vehicles carrying tank containers the instructions must contain the following additional information: the substance's name, its class, item number and letter, and its substance identification and hazard identification numbers.

(A number of other documents may have to be carried on a vehicle operating under ADR and are detailed under 'Annex B - Carriers Responsibilities'.)

8. EMPTY PACKAGING

There are special provisions in the various class sections relating to the transport of empty, uncleaned receptacles which have contained dangerous substances. Such receptacles are regarded as if they were full and should be consigned and carried accordingly.

ANNEX B - CARRIER RESPONSIBILITIES

Annex B to the Agreement contains the conditions in respect of the transport equipment and how the goods must be transported.

PART I: GENERAL PROVISIONS

Part I of Annex B contains general provisions applicable to the carriage of dangerous substances of all Classes.

i Exemptions

Exemptions from many of the carrier related responsibilities of ADR are provided if the total gross weight of the consignment does not exceed a specified limit. This limit varies according to the dangerous substances being carried. There is a special formula for calculating the limit in the case of a mixed load consignment.

ii Types of vehicle and equipment

A transport unit loaded with dangerous substances may not include more than one trailer or semi-trailer. Special provisions concerning the type of vehicle to be used for the carriage of a particular dangerous substance may apply.

Packages comprising packagings made of materials sensitive to moisture may only be loaded on to closed or sheeted vehicles.

Certain motor vehicles exceeding 16 tonnes maximum permissible weight and trailers exceeding 10 tonnes maximum permissible weight have to be fitted with anti-lock braking devices and endurance braking systems which comply with specified performance standards. The vehicles concerned are tanker vehicles, vehicles used for carrying tank containers and certain explosives carrying vehicles, in all cases first registered after 30 June 1993. Any such vehicles or trailers registered before this date which remain in service after 31 December 1999 also have to be fitted with the equipment.

iii Full load

Where the provisions relating to carriage as a 'full load' are applied, the competent authorities may require the vehicle or container used to be loaded at one point and unloaded at only one point. A 'full load' is defined as 'any load originating from one consignor, for which the use of a vehicle or container is exclusively reserved and all operations for the loading and unloading of which are carried out in conformity with the instructions of the consignor or consignee'.

iv Carriage in bulk, in containers or in tanks

Solid dangerous substances may not be carried in bulk (the carriage of a solid substance without packaging) unless this mode of carriage is expressly authorised.

Conditions for carriage in containers and tanks and the provisions regarding the containers and tanks depend on the substances carried.

v Vehicle crews

The carriage of certain goods requires the driver to be accompanied by an assistant. In such cases the assistant must be able to take over from the driver.

vi Carriage of passengers

No passengers, except members of the vehicle's crew, may be carried in transport units carrying dangerous substances.

vii Vehicle parking

When parked, the parking brake must be applied. If a vehicle is parked at night or in poor visibility and its lights are not working, two amber lights (see Miscellaneous equipment xi) must be placed on the road – one about 10m in front of the vehicle and the other about 10m to the rear of the vehicle. The use of the amber lights in the UK is prohibited.

Under certain circumstances the driver must comply with provisions specifying the locations where a vehicle may be parked and special requirements with respect to the supervision of the vehicle.

viii Fire-fighting equipment

Vehicles must be equipped with fire extinguishers: at least one for dealing with an engine or cab fire (minimum 2kg dry powder or equivalent) and at least one for dealing with a load/tyre/brake fire (minimum 6kg dry powder or equivalent). Under certain circumstances the load/tyre/brake extinguisher is not required.

The crew of the vehicle must know how to use the fire-fighting equipment which is on the vehicle.

ix Portable lighting apparatus

A vehicle may not be entered by anyone carrying lighting apparatus comprising a flame, or having a metal surface liable to cause a spark.

x Electrical equipment

All the lighting of vehicles must be electrical. Special requirements in respect of wiring, batteries and lighting must be followed under certain circumstances.

xi Miscellaneous equipment

Every transport unit carrying dangerous goods must be equipped with:

- a tool kit for emergency repairs to the vehicle for each vehicle, at least one suitable scotch/chock;
- two amber lights (steady or flashing) which are independent of the electrical equipment of the vehicle.
- the necessary equipment to take the first safety measures referred to in the written emergency instructions, eg Tremcard, for the substance being carried.

xii Loading, unloading and handling

- During handling operations smoking is prohibited inside of vehicles and in the vicinity of vehicles.
- Care must be taken not to exceed the maximum permitted load per vehicle.
- Care must be taken when mixing loads. Certain loads must never be mixed.
- Vehicles and containers must be cleaned after carrying a dangerous substance in bulk if the next load consists of a different substance and after carrying packaged dangerous substances if there has been any escape or spillage of the contents.
- The load shall be stowed and wedged so that it does not become displaced.
- Packages of dangerous substances must be separated from other packages.
- Nothing must be loaded on top of a 'fragile package'. ('Fragile package' means a package containing a fragile receptacle: a receptacle made of glass, porcelain, stoneware or similar materials, which is not enclosed in a packaging with complete sides protecting it effectively against shock.)
- No crew member may open a package containing a dangerous substance.
- The engine of the vehicle must be shut off during loading and unloading unless it is needed to drive the loading/unloading equipment.
- During carriage, tank containers shall be fixed on the carrying vehicle in such a way as to be adequately protected by the fittings of the carrying vehicle or of the tank container itself against lateral and longitudinal impact and against overturning.

9. VEHICLE DOCUMENTS

In addition to the documents specified in 'Annex A – Consignor Responsibilities' the provisions of 'Annex B – Carrier Responsibilities' may require the carriage of the following documents:

- a copy of the main text of the Special Agreement if the transport operation is being carried out under the terms of such an agreement;
- a vehicle approval certificate (required only for specified tanker vehicles, vehicles carrying tank containers and explosives carrying vehicles);
- the driver's training certificate;
- a permit authorising the transport operation.

10. VEHICLE MARKINGS

Vehicles carrying dangerous substances under ADR in excess of the exempt quantities set out in Annexes A and B to the Agreement must display rectangular reflectorised orange coloured plates (40cm base x 30cm high with a black border not more than 15mm wide) fixed vertically facing front and rear so as to be clearly visible.

In the case of tank vehicles carrying only one substance, the orange plate displayed front and rear must be divided horizontally in to two halves. The hazard identification code for the substance should be shown in the top half of the plate and the substance identification number (UN Number) in the bottom half.

The hazard identification code (known as the Kemler Code) for the top line of the plate comes from the following list:

- 2 Emission of gas due to pressure
- 3 Flammable liquid vapours and gases
- 4 Flammable solid
- 5 Oxidising substance
- 6 Toxic substance
- 8 Corrosive substance
- 9 Risk of spontaneously violent reaction

Doubling a figure indicates an intensification of the hazard, eg 66 means a very dangerous toxic substance. If a one figure number is sufficient then the second digit is 0.

Additionally, 22 indicates that a refrigerated gas is being carried. The addition of the prefix 'X' to the number indicates an absolute prohibition on the application of water to the product, eg X423 indicates a flammable solid which may give off a flammable gas on contact with water.

Where several substances are being carried in separate tank compartments, a separate plate containing the above information should be affixed to either side of the vehicle on the relevant individual compartment, and a blank plate should be displayed at the front and rear of the vehicle. The same requirements apply to vehicles carrying tank containers but the plates indicating the hazard identification code and the substance identification number must be affixed to the tank container itself rather than to the vehicle.

In addition to the orange plates tank vehicles and vehicles carrying tank containers must display appropriate hazard class labels (or diamonds). The labels (also known as placards) must be 250mm x 250mm.

Tank vehicles must show labels on both sides and at the rear, tank containers on all four vertical sides.

The orange plates and vehicle labels (placards) must be removed or covered once the vehicle has been unloaded, cleaned and/or degassed.

11. DRIVER TRAINING

Drivers of tank vehicles or vehicles carrying tank containers which exceed 3,000 litres capacity and/or 3.5 tonnes maximum permissible weight (mpw), other drivers carrying packaged dangerous goods in vehicles exceeding 3.5 tonnes and drivers of vehicles carrying explosives (subject to limited exemptions) have to be in possession of a recognised vocational training certificate.

To obtain a vocational training certificate, a driver must attend an approved training course and pass approved examinations. The certificates are valid for five years. Drivers must carry their vocational driver training certificates at all times when ADR regulated loads are carried.

12. VEHICLE INSPECTION AND APPROVAL

The ADR Agreement requires the inspection and approval of specified vehicles, including road tankers, vehicles carrying tank containers and certain vehicles used for the carriage of explosives.

The inspection and approval process is generally split into two parts.

- i Prior to its use the tank must be tested by an approved inspecting authority to ensure that its design, construction and specification meet required standards.

Subject to satisfactory completion of the test the tank will be issued with a Tank Approval Certificate (ADR4).

- ii The Department of Transport (DOT) will then carry out a further inspection of the vehicle to ensure that it complies with construction and use requirements (brakes, lighting, steering, electrical equipment, etc) and any additional ADR requirements.

If the vehicle passes an ADR certificate (ADR1) will be issued. This is acceptable to all other ADR contracting countries for the period of its validity (normally one year). A further inspection, often carried out at the same time as the vehicle's annual test, is required before the ADR1 can be renewed.

13. PERIODIC TANK EXAMINATIONS

Following the initial approval of the tank a major examination is generally required at least every six years for road tankers or five years for tank containers. This includes an internal and external examination and a hydraulic pressure test. At intervals of not more than three years for road tankers or two and a half years for tank containers an intermediate examination, involving a check on the leakproofness and satisfactory operation of the items of equipment, is also required.

14. ALTERATION OR DAMAGE TO VEHICLES OR TANKS

When a vehicle is altered structurally so that its main characteristics are changed, or if it is involved in an accident which is likely to affect the safety requirements under ADR, the vehicle must be re-examined.

Drivers Hours

THE BASIC EU RULES

Maximum driving time	4.5 hours (continuous or accumulated)
Maximum daily driving time	9 hours (10 hours twice a week)
Maximum weekly driving	No specific limit, but a 'weekly rest' must be taken
Maximum fortnightly driving	90 hours
Breaks from driving/other work	45 mins or separate periods of at least 15 mins amounting to at least 45 mins taken before the expiry of 4.5 hours continuous or accumulated driving time
Daily rest	11 hours (reducible to 9 hours three times a week*)
Weekly rest	45 hours (reducible to 36 hours or 24 hours depending on where taken**) after six consecutive daily driving periods, ie six periods of 24 hours after finishing the last weekly rest
Week	From 00.00 hours Monday to 24.00 hours Sunday following

* Subject to compensation before the end of the following week.

** Subject to compensation 'en bloc' before the end of the third week following.

Tachographs

A tachograph record must be kept by any driver for each day on which he drives a vehicle covered by the rules on a road open to the public. The disc must be capable of providing a continuous record for a minimum period of 24 hours.

WHAT TYPE?

The tachograph must conform to the detailed specification provided for in the EU regulation. As such it must be able to record:

- a distance travelled by the vehicle – each 'v' recorded by the distance stylus equates to 10km;
- b speed of the vehicle;
- c driving time – when the vehicle is in motion the activity stylus makes a broad trace;
- d other periods of work or attendance at work by the driver(s);
- e breaks from work and daily rest periods;
- f opening of the case containing the record sheet. If the vehicle has more than one driver the equipment must enable simultaneous and separate recordings, for c, d and e above for at least two drivers.

The tachograph must permit any authorised person to read, after opening it but without removing the sheet, the recordings relating to the nine hours preceding the time of check. It must also be possible to check without opening the case that recordings are being made.

The tachograph must be EU approved and must bear the relevant type approval mark.

INSTALLATION, CALIBRATION – SEALING

Before a tachograph can be used it must be calibrated and sealed at a centre approved by the Secretary of State. A statutory register is maintained of all approved centres and their respective seal identification marks. At the time of installation a special plaque has to be fitted and, provided the seals are unbroken, the tachograph is assumed to conform. The requirements regarding calibration and sealing are set out in the manual prepared by the Department of Transport for calibration stations.

The vehicle must be presented unladen and fitted with tyres which are both properly inflated and meet the requirements of the Construction and Use Regulations. When the tractive unit of an articulated vehicle is calibrated the semi-trailer should not be attached. The calibration of the equipment involves checking that the instrument meets the level of accuracy in recording distance, speed and time. Calibration centres are required to have a rolling road to undertake this task, although it is possible that in some remote areas lower standards will suffice. Having established the accuracy of the recordings at the time of initial test, the station will fit an approval plaque to or near the instrument and then seal the complete installation to prevent any tampering with the mechanism.

The following parts must be sealed:

- a the plaque which is fitted to the vehicle at the time of installation of the tachograph;
- b* the limits of the link between the recording equipment and the vehicle;
- c* the adaptor and the point of its insertion into the circuit;
- d the switchgear for vehicles with two or more gear ratios;
- e* the links joining the adaptor and the switchgear to other parts of the installation;
- f the casing of the instrument to prevent tampering with internal parts.

Only the seals mentioned in b, c and e* above may be removed in case of emergency, and in that event a written statement giving the reasons for such action must be prepared and made available on request. The regulations require all seals to be kept intact, and in the event of a seal being removed the vehicle must be taken to a tachograph centre for resealing. Routine vehicle maintenance may require the removal of a seal and it is important to recognise that when this occurs the vehicle needs to be presented to a calibration station for resealing. It is the responsibility of the vehicle operator and the drivers to ensure that the equipment functions correctly and that the seals remain in tact.

Accuracy of the equipment The EU regulation lays down specific tolerances at all stages – on the test bench before installation, on installation, and in use – for distance travelled, speed and time. Maximum tolerances are provided in the regulations for both the visual display and the recording device. Three sets of tolerances exist:

- 1 On the test bench before installation:
 - a distance travelled: 1% more or less than the real distance, where that distance is at least 1km.
 - b speed: 3km/h more or less than the real speed.
 - c time: ± 2 minutes per day with a maximum of 10 minutes per 7 days in cases where the running period of the clock after re-winding is not less than that period.
- 2 On installation:
 - a distance travelled: 2% more or less than the real distance, where that distance is at least 1km.
 - b speed: 4km/h more or less than the real speed.
 - c time: ± 2 minutes per day or ± 10 minutes per 7 days.
- 3 In use:
 - a distance travelled: 4% more or less than the real distance, where that distance is at least 1km.
 - b speed: 6km/h more or less than the real speed.
 - c time: ± 2 minutes per day or ± 10 minutes ~~per 7 days~~

EMPLOYER'S RESPONSIBILITIES

The employer must:

- i issue each driver with sufficient sheets (charts) of an approved model and suitable for the equipment in use, bearing in mind that the charts are personal, the possible need to replace charts that are damaged, or have been taken by an authorised inspecting officer, and the nature of the journey to be undertaken;
- ii ensure that the drivers understand the tachograph requirements and use the equipment properly to provide accurate records;
- iii organise drivers' work in such a way that they are able to comply with the drivers' hours and tachograph rules;
- iv make periodic checks of tachograph charts to ensure that the regulations have been complied with;
- v ensure that drivers return charts to him within 21 days of their use;
- vi retain charts, in good order, for at least a year;
- vii give copies of charts to any driver concerned who requests them;
- viii if breaches of the rules are found, take appropriate steps to prevent their repetition, initialling the charts checked and noting the management action taken;
- ix ensure that the installation/calibration plaque and seals are correctly in place and that the tachograph is operating correctly.

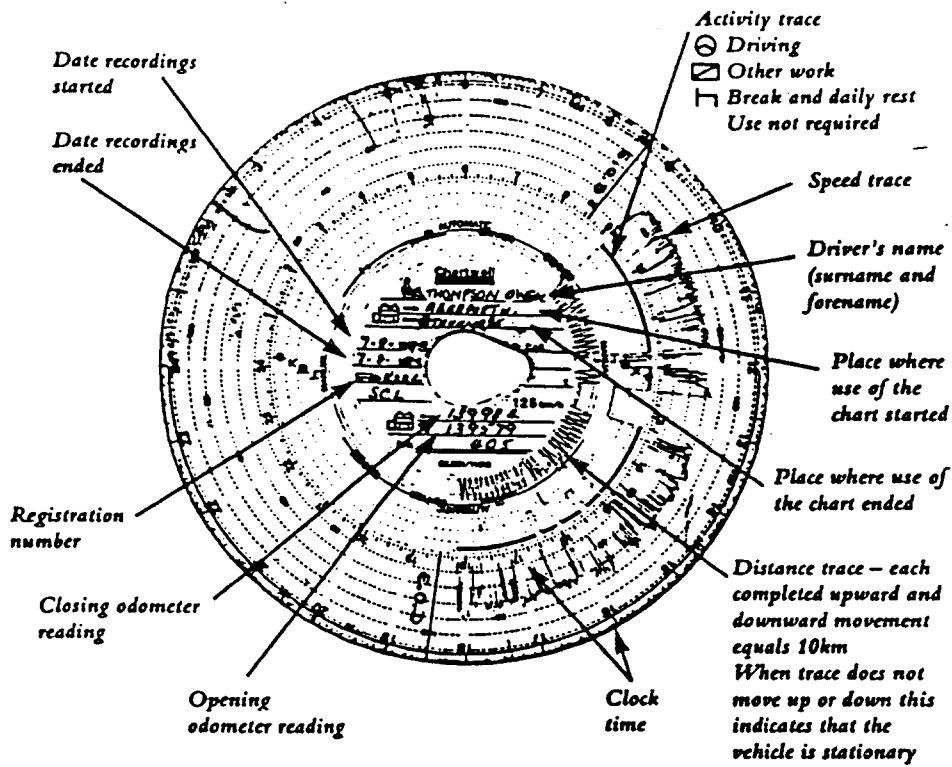
There is no requirement for sheets to be individually numbered, or for registers to be kept.

DRIVERS RESPONSIBILITIES

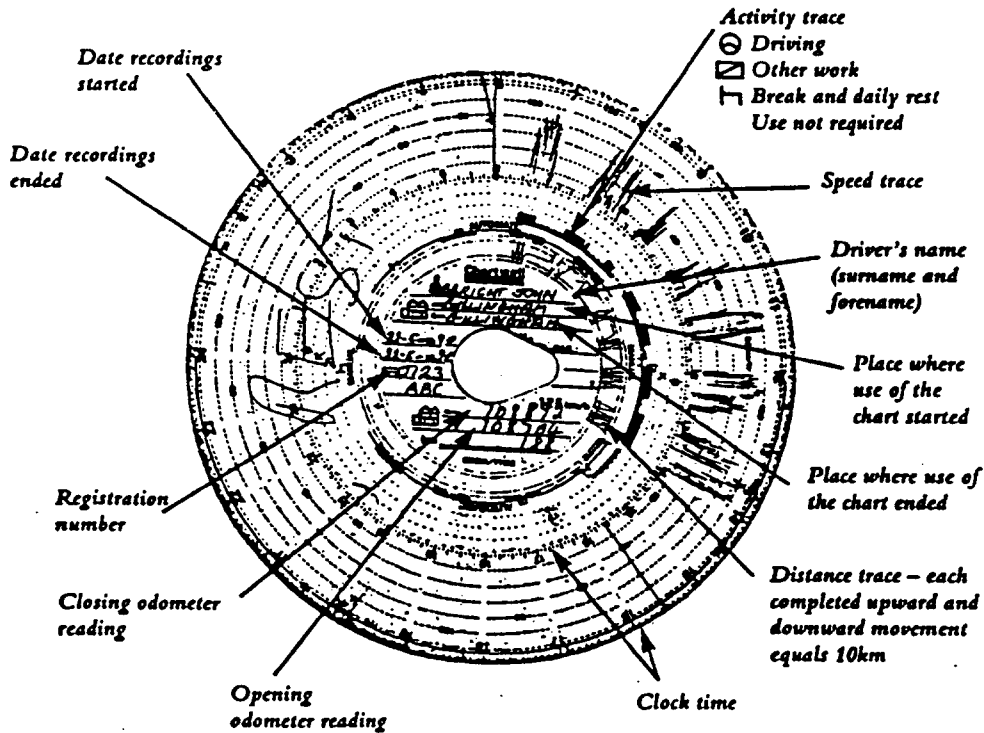
Each driver must:

- i use tachograph charts on every day on which he drives starting from the point he takes over the vehicle. The chart should not normally be withdrawn before the end of the daily working period and no chart can be used to cover a period longer than 24 hours;
- ii enter on the chart:
 - his surname and first name;
 - the date and the place where the record sheet (chart) begins and ends;
 - the registration number(s) of the vehicle(s) driven;
 - the odometer readings:
 - at the start of the first journey in each vehicle driven;
 - at the end of the last journey in each vehicle driven;
 - the time of taking over the second and each subsequent vehicle;
- iii produce for inspection by enforcement staff on request the charts for the previous days in the current (fixed) week and the chart for the last day on which he drove of the previous week;
- iv return charts to his first employer within 21 days of completion of each chart;
- v where a driver has two or more employers by whom he is employed as a driver of a vehicle within the scope of the regulations, notify each employer of the name and address of the other(s). In such a case, the driver must return completed record sheets to the employer who first employed him as a driver, regardless of which employer issued the sheets to him;
- vi ensure the chart clearly shows the start and end of the driver's working day and not simply the beginning and end of his work with the vehicle(s);
- vii where a chart is damaged, replace it with another chart, and hand in the two together (cross-referenced) as his day's record;
- viii where he drives vehicles fitted with tachographs that require different types of charts, use appropriate charts to record the styli recordings and hand them in together (cross-referenced) as his day's record;
- ix where clerical mistakes or legal errors are made, add on the chart or a separate piece of paper, which should be subsequently kept with the chart, the correct information or an explanation for the error, as soon as possible after the mistake or error is realised;
- x where the tachograph breaks down and can no longer be used to make the necessary record, complete a manual record. This may either be written on the tachograph chart or on a separate piece of paper (but not a sheet removed from a record book), which is subsequently kept with a chart, on which the centre field has been completed and handed in as the legal record. The most recent DOT Guide (GV262) suggests that where a tachograph chart has, on its reverse side, an area specially for manual entries this is where they should be made.
- xi when driving, during the day, one vehicle fitted with a tachograph and one vehicle which either has no tachograph fitted or has a faulty tachograph use his chart in the conventional way as far as he can and make manual entries on his chart at other times. Tachograph charts and record books must not be used together, unless it is clearly shown that one form of record keeping is completed to comply with the law and the other is solely for management purposes.
- xii where after inserting his chart in the tachograph, he notices that the clock on the tachograph is showing the wrong time, he must not immediately alter the clock. Such action would result in either an 'overtrace' or a break in the trace being recorded on his chart. He should wait until he removes the chart at the end of the day before the adjustment is made. At that time he may make a note on his chart stating the amount of time by which the record is inaccurate. The clock on the equipment should show the time of the country in which the vehicle is registered.
- xiii when unavoidably delayed on a national journey and thereby exceeds any of the legal limits, as soon as possible, enter the details regarding the unavoidable delay on the relevant tachograph chart.
- xiv when caught in a prolonged traffic jam on a motorway, alter the activity mode switch on the tachograph from the 'driving' symbol to the 'other work' symbol.

EXAMPLE OF A MANUAL TACHOGRAPH RECORDING



EXAMPLE OF AN AUTOMATIC TACHOGRAPH RECORDING



Conditions of Carriage and Insurance – International

1 INTRODUCTION

The CMR Convention concerns the conditions of carriage applicable to most international haulage journeys. Liability, at the rate prescribed by CMR, applies to every contract for the carriage of goods by road in vehicles for reward when the place of taking over the goods and the place designated for delivery, as specified in the contract, are situated in two different countries of which at least one is a Contracting country – irrespective of the place of residence and the nationality of the parties.

CMR insurance – a form of Goods in Transit insurance – is not compulsory, but liability at the CMR scale (approximately £7,980 per tonne at 5 May 1995) will have to be met by any party considered to be liable for the payment of compensation/damages arising out of a CMR contract. Such liability is likely to be far higher than the haulier's cover under normal domestic insurance. The full title of the convention is: Convention on the contract for the International Carriage of Goods by Road.

The initials, 'CMR', derive from the French title, "Convention relative au contrat de transport international de marchandise par route".

CMR was produced by the Economic Commission for Europe in 1956.

CONTRACTING COUNTRIES

The following countries have ratified the Convention.

Australia	France*	Portugal
Austria*	Germany	Romania*
Belarus	Ghana	Russian Federation
Belgium*	Greece*	Slovenia
Bosnia-Herzegovina	Hungary	Spain*
Bulgaria	Italy*	Sweden*
CIS	Latvia	Switzerland*
Croatia	Lithuania	Tunisia
Czech/Slovakia	Luxembourg*	UK*
Denmark*	Netherlands	Yugoslavia
Estonia	Norway*	
Finland*	Poland	

LIABILITY OF THE CARRIER

The Convention makes the carrier liable for total or partial loss of and for damage to the goods (the subject of the contract), occurring between the time of taking over the goods and the time of delivery. The carrier is also liable for any delay in delivery.

QUANTUM OF LIABILITY

When a carrier is liable under CMR to pay compensation for total or partial loss of or for damage to the goods, the value of these goods is determined as to their value at the place and time at which they were accepted for carriage. It may be thought that this is generally financially advantageous to the carrier in times of galloping inflation, although it is fair to state that the reverse can apply in regard to certain commodities (eg, tomatoes) where the market at destination collapses owing to lack of demand, before the goods are delivered. The value is fixed according to the commodity exchange price or the current market price or by reference to the normal value of goods of the same kind and quality.

COMPENSATION

As will be seen, the Carrier is liable, subject always to the availability to him of one or more of the defences, to pay for:

Total loss of the goods	} in the case of total or partial loss in proportion to the loss sustained, but no further damages shall be payable.
Partial loss of the goods	
Damage to the goods	
Delay in delivery	
Carriage Charges	
Customs Duties	
Other Charges Incurred	
Failure to collect 'cash on delivery'	

The financial limits in CMR under these headings are:

Total loss and partial loss	Not exceeding 8.33 Special Drawing Rights (SDR) per kg of gross weight short.
Damage	The amount by which the goods have diminished in value (but not exceeding the compensation which would have been payable for Total or Partial Loss).
Delay	Not exceeding the carriage charges.
Carriage charges	} Unlimited
Unlimited	
Other charges	
Cash on delivery	

(Subject always to the carrier being deprived of any limits if the loss was caused by his wilful conduct.)

HIGHER VALUE OR URGENT CONSIGNMENTS

For consignments valued higher than 8.33 SDR per kg the sender may, against payment of a surcharge, declare in the consignment note a value of the goods higher than the 8.33 SDR limitation.

Also, the sender may, again against payment of a surcharge, fix the amount of a special interest in delivery in the case of:

- i loss or damage; or
 - ii the agreed time-limit being exceeded;
- by entering such amount in the consignment note.

LIMIT OF COMPENSATION

Originally CMR imposed a financial limit on the carrier's liability, for total or partial loss, of 25 gold francs per kg of gross weight short. In practice this has caused certain problems, eg when the price of gold undergoes violent fluctuations. In an attempt to resolve such difficulties the ECE produced a Protocol to CMR in 1979 which replaced the 25 gold francs per kg with 8.33 SDR per kg.

The UK and most of the CMR contracting countries have signed the Protocol so that on most CMR journeys to and from the UK the carrier's liability will be calculated by conversion of 8.33 SDR into national currency at the applicable daily rate of exchange.

The value of one SDR in terms of Sterling is decided daily by the International Monetary Fund and is published in the UK daily in The Financial Times and Lloyds List.

Example of calculation:

8.33 SDR PER KILOGRAM (at 10 August 1995)

1kg - 8.33 SDR

1 SDR = £0.958 (Annual Rate of Exchange)

1kg = £7.980 (£0.958 x 8.33)

1 tonne = £7,980 (£7.98 x 1,000)

INTEREST ON COMPENSATION

The claimant may claim interest on compensation payable calculated at the rate of five per cent per annum from the date on which the claim was sent in writing to the carrier. Alternatively, if no such claim has been made, from the time legal proceedings were instituted.

DELIVERY

If the consignee accepts delivery without sending the carrier a reservation within seven days, the fact that the consignee has taken delivery is prima facie evidence of good and correct condition.

No compensation is payable for delay unless a reservation against the carrier is made in writing within 21 days of actual delivery.

In calculating the time-limits the date of delivery, or the date of checking, or the date when the goods were placed at the disposal of the consignee, as the case may be, shall not be included.

THE CMR CONSIGNMENT NOTE

The one major document that CMR requires is a consignment note as a confirmation of the contract. The consignment note is used to facilitate the movement of goods by road, it is non-negotiable, is prima facie evidence of the making of the contract, the conditions of the contract and of the receipt of the goods by the carrier. (Note, however, that the absence, irregularity or loss of the consignment note does not affect the validity of the contract which shall remain subject to the provisions of the Convention. In practice a CMR note must be carried by hauliers wishing to enter the CIS.)

NEGOTIABILITY

The CMR consignment note is not a document of title nor, unlike the Bill of Lading, is it intended to facilitate transfer of title or payment of goods. It is a means of conveying information and instructions to the parties involved in the contract.

CONSIGNMENT NOTE

The consignment note shall be made in three original copies, each signed by the sender and the carrier (the 'sender', for the purposes of CMR, is the shipper).

A sample CMR note is enclosed with these notes:

- the first copy is handed to the sender;
- the second accompanies the consignment and is handed to the consignee;
- the third is retained by the carrier.

The following information must be completed on all CMR consignment notes:

- a the date of the consignment note and the place at which it is made out;
- b the name and address of the sender;
- c the name and address of the carrier;
- d the place and the date of taking over of the goods and the place designated for delivery;
- e the name and address of the consignee;
- f the description in common use of the nature of the goods and the method of packing, and, in the case of dangerous goods, their generally recognised description (in the FTA/RHA/SITPRO note, further information about dangerous goods may be entered);
- g the number of packages and their special marks and numbers;
- h the gross weight of the goods or their quantity otherwise expressed;
- i charges relating to the carriage (carriage charges, supplementary charges, Customs duties and other charges incurred from the making of the contract to the time of delivery);
- j the requisite instructions for Customs and other formalities;
- k a statement that the carriage is subject, notwithstanding any clause to the contrary, to the provisions of this Convention.

The following information is optional, although it must be entered when applicable:

- a a statement that transshipment is not allowed;
- b the charges which the sender undertakes to pay;
- c the amount of 'cash on delivery' charges;
- d a declaration of the value of the goods and the amount representing special interest in delivery;
- e the sender's instructions to the carrier regarding insurance of the goods;
- f the agreed time-limit within which the carriage is to be carried out;

- g a list of the documents handed to the carrier;
- h the name and address of the insurer of the goods.

The parties may enter in the consignment note any other particulars which they may deem useful.

Dealing with the compulsory particulars, the most important is k 'a statement that the carriage is subject, notwithstanding any clause to the contrary, to the provisions of this Convention'. It is pertinent to remark that, if item k does not appear, the carrier is liable for all expenses, loss and damage, sustained by virtue of this omission, by the person entitled to dispose of the goods. For example, if k is omitted in a consignment note, the final leg of that journey being completed by a domestic haulier – a successive carrier – carrying subject perhaps to a national law limiting liability, the consignee might well find his claim against the domestic haulier thus limited and, therefore, not subject to the higher 8.33 SDR. In which case, the original carrier – the second party to the contract – is liable to make up the difference.

SENDER'S LIABILITY

The sender is liable to the carrier for all expenses, loss and damage sustained by the carrier by reason of inaccuracy or inadequacy of any of the compulsory particulars specified in the consignment note and of any of the optional particulars.

CARRIER'S DUTY

The carrier is required to check the accuracy of the statements in the consignment notes. He may enter reservations on the note, although the sender is not necessarily bound by them unless he agrees. There is a clear inference that if the carrier fails to check he will be in some difficulty in the event of a loss or damage claim. If the carrier has no reasonable means of checking then he must say so. The sender can insist that the haulier checks.

SUCCESSIVE CARRIERS

The importance of the consignment note comes into its own when carriage is performed by successive carriers, that is when the first carrier sub-contracts the whole or part of the contract to other carriers. The successive carrier becomes a party to the original contract when he accepts the goods and the consignment note. Thus, if there is no consignment note the first carrier may be in difficulty.

CHECKING THE CONSIGNMENT

On taking over the goods, the carrier is advised to check:

- the accuracy of the statements in the consignment note, as to the markings, number of packages, etc; and
- the apparent condition of the goods and their packing, entering any 'reservations' on the consignment note. Where there are no 'reservations' it shall be presumed, unless otherwise proved, that the goods and packing were in good condition when the carrier received them.

The sender may specifically require the carrier to check the goods. If so he must be prepared to bear the cost of such checking.

LIABILITY FOR DAMAGE

The sender shall be liable to the carrier for damage to persons, equipment or other goods, and for expenses due to defective packing of the goods, unless the defect was apparent or known to the carrier at the time when he took over the goods and he made no reservations concerning it. The carrier cannot excuse his liability for damage, etc, if he uses a vehicle which is poorly maintained or in poor condition.

DISPOSAL/REDIRECTION OF GOODS

The sender has the right to dispose of the goods, or stop the goods in transit, change the place of delivery or alter the consignee, up until the time that the second copy of the consignment note is handed to the consignee. Provided that:

- i the sender has not transferred this right of disposal to the consignee in a statement in the consignment note; or
- ii the instructions do not result in the division of the consignment.

If, for any reason, it becomes impossible to carry out the contract in accordance with the terms laid down in the consignment note, the carrier shall ask for instructions from the person entitled to dispose of the goods.

CLAIMS

Delay – delay in delivery is deemed to have occurred when the goods have not been delivered within the agreed time limit, or, failing an agreed time-limit, in excess of the time it would be reasonable to allow a diligent carrier.

Loss – the fact that goods have not been delivered within 30 days following the expiry of the agreed time-limit, or failing an agreed time-limit, 60 days from the time when the carrier took over the goods shall be conclusive evidence of the loss of the goods and the person entitled to make a claim may thereupon treat them as lost.

PERIOD OF LIMITATION FOR AN 'ACTION'

The period of limitation for an action arising out of CMR shall be one year (or three years in the case of wilful misconduct) from:

- the date of delivery (partial loss, damage, delay in delivery);
- 30th day after time-limit/60th day (total loss);
- other cases, three months after making the contract of carriage.

LEGAL PROCEEDINGS

Legal proceedings may only be brought in the courts of the country:

- 1 where the defendant is resident; or
- 2 where the original contract was made; or
- 3 where the goods were taken over by the defendant; or
- 4 where the goods have been or were to have been delivered.

SEPARATE CONSIGNMENT NOTES

Where the goods which are to be carried have to be loaded in different vehicles, or are of different kinds, or are divided into different lots, the sender or the carrier shall have the right to require a separate consignment note to be made out for each vehicle used, or for each kind or lot of goods.

Vehic Selection

1 BASIC CONSIDERATION

The correct choice of vehicle is governed by the need for efficient and economic operation and is dictated by the details of the business, the circumstances in which, and the legal framework within which, the vehicles will operate. At the simplest level, the choice will be dictated by:

Drivers' licensing The availability of suitably qualified drivers.

Operator's licensing The scope for or desire to avoid the need for an O-licence, by purchasing vehicles for which such a licence is not required.

Types of traffic and operation What sort of goods are carried? Rural or urban deliveries? To what size of premises/ entrances/ unloading bays?

Maintenance Whether facilities already exist for servicing and maintaining new vehicles of the proposed type? Whether adequate maintenance standards can be maintained to satisfy O-licensing requirements?

The following vehicle definitions and considerations will have to be taken into account.

2 DEFINITIONS OF VEHICLES

The Construction and Use (C and U) Regulations 1986, categorise motor vehicles into various classes according to their description and unladen weight.

Motor car A mechanically propelled vehicle constructed or adapted to carry a load or passengers:

- if solely for not more than seven passengers and their effects, with an unladen weight of not more than 3,050kg;
- if for the carriage of goods, with an ulw of not more than 3,050kg;
- in any other case with an ulw of not more than 2,540kg.

Heavy motor car A mechanically propelled vehicle which is not a motor car and which is constructed or adapted to carry a load or passengers, with an unladen weight exceeding 2,540kg.

Motor tractors and locomotives A mechanically propelled vehicle which is not constructed itself to carry a load other than the following articles: water, fuel, accumulators and other equipment used for the propulsion, loose tools and loose equipment and the unladen weight of which:

- 1 does not exceed 7,370kg is classed as a motor tractor;
- 2 exceeds 7,370kg is classed as a locomotive.

In addition the following terms are provided in other legislation for specific purposes.

Large goods vehicle (This definition is only relevant in connection with lgv driving licence matters.)

- an articulated goods vehicle; or
- a large goods vehicle (not an articulated vehicle), ie a motor vehicle constructed or adapted to carry or haul goods the maximum permissible weight of which exceeds 7.5 tonnes.

Small goods vehicle A motor vehicle constructed or adapted to carry or haul goods with a permissible maximum weight (ie plated weight) not exceeding 3.5 tonnes.

Medium-sized goods vehicle Similar vehicle which exceeds 3.5 tonnes but not 7.5 tonnes permissible maximum weight.

These terms 'small', 'medium' and 'large' in relation to vehicles are relevant for deciding the minimum driving ages for different classes of vehicle.

The terms 'motor car' and 'heavy motor car' are widely used to indicate whether or not a legislative requirement applies to a particular vehicle.

3 MAIN TYPES OF GOODS VEHICLES

Rigid vehicle A motor vehicle not constructed or adapted to form part of an articulated vehicle.

Articulated vehicle A heavy motor car or motor car with a trailer superimposed on it so that when the trailer is loaded not less than 20% of the weight of the trailer is borne by the drawing vehicle.

When coupled up, an articulated vehicle, is treated as a motor vehicle plus trailer.

Trailer A vehicle drawn by a motor vehicle.

Semi-trailer A trailer partially superimposed on its drawing vehicle in such a way that a substantial part of the weight of the trailer is borne by the drawing vehicle.

purpose of regulations relating to the number of trailers permitted to be drawn, weights and braking, a composite trailer is regarded as one trailer.

Close-coupled four-wheel trailer A trailer constructed so that the wheels on the same side remain parallel to the longitudinal axis of the trailer and that the distance between the centre of their respective areas of contact with the road surface does not exceed one metre.

Refrigerated vehicle A vehicle specially designed for the carriage of goods at low temperatures and which has side walls, inclusive of insulation, at least 45mm thick.

Dual-purpose vehicle A vehicle constructed or adapted for the carriage both of passengers and of goods or burden of any description the unladen weight of which does not exceed 2,040kg, and:

- 1 is four-wheel drive; or
- 2
 - a has a rigid roof; and
 - b has a row of seats behind the driver's (meeting specifications); and
 - c has windows (of set dimensions) at the rear and on both sides; and
 - d has an area for goods (of set dimensions).

4 CHOICE OF VEHICLE

Given that he sees the need for a new goods vehicle, an operator's choice will be guided by a number of questions. There are no 'always right' answers to these questions only answers which satisfy individual circumstances.

An operator is required to use a vehicle which is suitable for the purpose. For example of the following:

a long wheel base rigid, rigid and drawbar trailer combination, short wheel base rigid and articulated vehicle, the one most suitable for operating over rough ground is the short wheel base rigid vehicle. However, if it was required to carry long lengths of metal pipes the operator may be forced to make a different choice.

4.1 VOCATIONAL LICENSING

Availability of drivers Will a new driver or drivers have to be recruited? Vehicles of 7.5 tonnes gvw and under can be driven without an lgv licence.

Categories of vocational licence For instance, Category C and E needed for articulated vehicles, Category C for rigid vehicles over 7.5 tonnes gvw; what classes of licence are already held by drivers?

Time and cost of training for example, to upgrade an existing driver's licence to a higher class.

4.2 OPERATOR'S LICENSING:

- Does the operator already hold an O-licence?
- Would a new vehicle (eg above 3.5 tonnes plated weight) mean that an O-licence was required?
- Does the existing O-licence allow for additions, ie what is the authorised maximum number of vehicles on the licence?
- Is there any reason why the licensing authority might refuse to grant an O-licence, or to extend or vary an existing one, eg inadequate facilities for maintenance for this class of vehicle, is the vehicle environmentally unsuitable to be based at the operating centre?

4.3 TYPES OF TRAFFIC AND OPERATION

- What type of product is to be carried? What implications does this have for shape, size, strength, etc, of vehicle?
- What engineering considerations are there? Number of axles, gearbox, power to weight ratio, etc?
- Can a new vehicle be standard or must it be custom-built? Most manufacturers can provide standard models of box vans, flats, tippers, articulated vehicles, etc, at a lower cost than a specially built vehicle.
- What is the environment of the operation? What are the implications of size, noise, smell, obstruction and nuisance to other traffic or the public?
- Is the operating centre suitable for the operation of vehicles of the type and size proposed?
- What loading and unloading facilities are needed?
- For general haulage, what flexibility is needed, eg dropside or tilt, articulated or rigid? What driver comfort?
- For trunking, what utilisation is needed for economic operation?
- For operations mainly on motorways, an overdrive would be an advantage.
- For operating over rough ground, a vehicle with a short wheel base would be preferable to one with a long wheel base.

4.4 MAINTENANCE

- What maintenance facilities already exist for a particular type of vehicle?
- Will an additional vehicle mean new arrangements must be made, eg contracting out for the maintenance of a new type of vehicle?
- What, if any, special maintenance problems does a particular vehicle have, eg service intervals, down-time?
- Can maintenance standards be maintained to satisfy the licensing authority and avoid possible revocation, suspension or curtailment of an O-licence?

4.5 OVERALL CONSIDERATIONS

Choosing the correct vehicle is important not only for commercial reasons, ie efficiency, quality of service, economy of operations; but also for safety reasons, ie effective maintenance and safe operation; for personnel reasons, ie availability of suitable drivers; and legal reasons, ie the requirements for suitably licensed drivers, and for an O-licence which covers additions to an operator's fleet.

A 'Which' type guide to goods vehicles can go so far, but it cannot answer the questions relating to drivers and O-licensing.

These are individual questions for the individual operator.

Weights and dimensions of vehicles

EU Directive 85/3 as amended sets common standards for motor vehicles, trailers and combinations. Member states have to allow across their borders vehicles meeting these standards. While most member states have adopted these limits for their domestic transport others have adopted higher limits.

The upper weight limits of EU Directive 85/3 are as follows:

Two-axled rigid motor vehicle	18 tonnes
Three-axled rigid motor vehicle	26 tonnes
Four-axled rigid motor vehicle	32 tonnes
Four-axled articulated vehicle	38 tonnes
Five and six-axled articulated vehicle and drawbar combination	40 tonnes*
The directive also sets limits on individual axle and bogie weights:	
Single-axle	11.5 tonnes
Two-axled bogie (motor vehicle)	19 tonnes
Two-axled bogie (trailer)	20 tonnes
Three-axled bogie (trailer)	24 tonnes
* 44 tonnes on a five or more axled vehicle when a 40ft ISO container is carried as part of a combined transport operation.	

Appendix A

WEEK-END AND OTHER DRIVING RESTRICTIONS IN EUROPE

	Weight Restrictions	Sundays and Public Holidays	Other Bans	Exemptions	Notes
AUSTRIA	7.5t gvw	Yes 00.00-22.00	Saturdays 15.00-24.00 Night ban 22.00-05.00	Border to Railroad 'low noise' vehicles Breakdown vehicles	Many towns and areas have night time bans. (Times and weights of vehicles affected vary.)
BELGIUM	None	None			Some summer diversions for heavy traffic.
BULGARIA	Over 15t	Yes 08.00-21.00	As Sunday		Only applies on E78 and E80 main roads.
CROATIA	Over 5t	17.00-20.00 between 1 June and 30 September			
CZECH REPUBLIC	7.5t gvw	Yes 00.00-22.00	Saturdays between 1 July and 31 August between 07.00 and 22.00	Perishables and livestock	Vehicles over 3.5t are banned from motorways, international roads and national first class roads from 15 April to 30 September as follows: - on Fridays and on the eve of a public holiday 15.00-21.00 hours; - on Saturdays from 07.00-11.00 hours; - on Sundays and public holidays from 15.00-21.00 hours.
DENMARK	None	None			
FINLAND	None	None			
FRANCE	7.5t gvw	Yes 00.00-22.00	Saturdays and Public Holidays 22.00-24.00 Dangerous goods 12.00-24.00		Perishables, live animals, international traffic returning home. Special restrictions on auto routes around Paris. Coaches with groups of more than 15 children under 16 prohibited on motorways mid-day Friday/mid-day Saturday at August Bank Holiday.
GERMANY	7.5t gvw	Yes 00.00-22.00	Extended weekends July-August from 07.00 Sat-20.00 Sun	Perishables	The 'road' leg of combined road/rail goods transport is exempt. HGV are restricted on important autobahns and certain federal highways on Saturdays during July and August.
GREECE	None	None			
HUNGARY	Over 12t	Yes 00.00-24.00	Between first weekend in June and second weekend in September		Lake Baladon region, roads 70/71.
ITALY	7.5t gvw and tractors over 5t gvw	Yes 07.00-24.00 (Summer) 08.00-22.00 (Winter)	Extended weekends		Exemptions: - vehicles transporting perishable food stuffs (meat, fruit, fresh vegetables).
LUXEMBOURG	None	None			Transit traffic in excess of 3.5t may not enter City of Luxembourg.
NETHERLANDS	None	None			

Appendix A (contd)

YEAR-END AND OTHER DRIVING RESTRICTIONS IN EUROPE (continued)

	Weight Restrictions	Sundays and Public Holidays	Other Bans	Exemptions	Notes
NORWAY	None	None			
POLAND	None	None			
PORTUGAL	All commercial vehicles	Yes 07.00-24.00	Saturdays 15.00-22.00	Dangerous goods from 12.00 Sat-24.00 Sun and on Public Holidays	Applies to certain motorways and main roads only. Special authorisations available for perishable goods and live animal transport.
ROMANIA	Abnormal loads Over 3.5t	00.00-24.00 From 1 January 1996 07.00-22.00	Saturdays 00.00-24.00 Sundays 07.00-22.00		On the N1 road, section Bucharest-Otopent, Pitesti-Predcal-Brasov.
SLOVAK REPUBLIC	7.5t	00.00-22.00	Saturdays between 1 July and 31 July from 07.00-22.00		On motorways, trunk roads and main roads class 1.
SLOVENIA	Over 7.5t or over 14m in length	16 June-6 September each year between 06.00-22.00 Sundays and public holidays 01.00-11.00 hours Sat			Various road sections.
SPAIN	3.5t mpw	Yes 17.00-24.00	Saturdays 13.00-24.00		Dangerous goods from 13.00 hours on Saturdays to 24.00 hours on Sundays and summer public holidays. Restrictions applied to certain national roads giving access to Madrid and Barcelona.
SWEDEN	None	None	Extended weekend bans May-September		
SWITZERLAND	3.5t mpw	Yes 00.00-24.00	Night ban 22.00-05.00		
CIS	None	None			Certain tunnels have bans on dangerous goods vehicles.

Appendix B1

DOCUMENTATION CHECK LIST

DOCUMENT	USE	WHY/WHEN/WHERE REQUIRED
THE VEHICLE (required on all international journeys)		
Registration Document - V5 (original), or - Form V379, or - Vehicle-on-Hire Certificate	As evidence of ownership and entitlement to drive	Vehicle is insured (and roadworthy)
Evidence of Motor Insurance cover	As required	It is recommended that this requirement is met by the use of a 'Green Card'
THE VEHICLE (required/advisable on certain international journeys)		
Own Account Document	As exemption from road haulage permit	- must contain declaration that 'own' goods and other conditions are complied with - states purpose of journey and details Operator must hold a Standard International Operators' Licence
Road Haulage Permit a Bilateral i single journey ii multiple journey iii period iv 'transit' only b Multilateral v EU 'tramping permits' vi ECMT	12 months normally (ii) and (iii) may be 3-monthly - one journey, there and back - set number of journeys - no limit on number of journeys - may not pick up or deliver 12 months - no limit on number of journeys	For full details consult FTA's International Department with the break up of the Eastern bloc; these details change frequently
Road/Rail Certificate	Exemption from road haulage permit	Kombiverkehr (Germany) - 'piggyback' - for all vehicles and trailers (accompanied and unaccompanied) Novotrans (France) - 'langourou' - unaccompanied trailers
ADR1 Certificate	Verifies vehicle conforms to ADR Agreement	Carriage of dangerous substances by road vehicle on the territory of two or more contracting countries
ATP Certificate (or Certification Plate)	Original or photocopy (or certificate plate) must be carried	Carriage of perishable foodstuffs, on an international journey, wholly or partly by road, and unloaded in a contracting country
Carnet de Passage en Douane (25 volet only)	1st volet - entry into country 2nd volet - exit from country (or certified report within 23 months)	Turkey and Middle East: any motor vehicle, trailer, or semi-trailer (one per vehicle) France: trailers or semi-trailers if not DOT plated Italy: vehicles remaining more than 3 months Portugal: vehicles remaining more than 1 month Greece: vehicles remaining more than 10 days - when import duties and taxes not paid on the vehicle - to ensure that a foreign vehicle will only remain temporarily France: for trailers, otherwise Carnet de Passage en Douane required
DOT Plate - vehicles: VTG6A - trailers: VTG6B	Confirms maximum permissible weights	
Green Card (Insurance)	Proof that there is an effective policy of Third Party insurance in force To extend 'cover' beyond the minimum requirement	Strongly advised when travelling in EU countries Definitely advised when travelling in other 'accepting' countries Not acceptable in Middle East (except: Iraq, Iran and Israel)
Operators' Licence - own account: Restricted - haulage: Standard International	As may be required by the Licensing Authority	
Vehicle Excise Licence Disc	12 months (6 months: minimum)	
Abnormal Load Authorisation	To gain access to the country	Varies from country to country

Appendix B2

DOCUMENTATION CHECK LIST

DOCUMENT	VALID FOR	USE	CONDITIONS	WHY/WHEN/WHERE REQUIRED
THE GOODS (required on all international journeys)				
Commercial Invoices		Details the charges to be paid by the purchaser	Required contents and layout may vary. May need to be 'certified', 'legalised' or accompanied by a declaration	Required because it sets out the basis of the contract
THE GOODS (required/adviseable on certain international journeys)				
SAD (Form C88) - export and/or import - CT forms	All EU and EFTA Member States	1 Export declaration 2 Import declaration 3 Community Transit/Community Status declaration 4 or any combination of 1, 2 and 3	Must be supported by guarantee or guarantee waiver voucher	Use of copies: Export: Copies 2 and 3 Import: Copies 6, 7 and 8 Community Transit: 1, 3, 4, 5 and 7 Community Status: Copies 1 and 4
Transit Advice Notes		To notify each country of the arrival of the goods	Never used with Form T2L	Must be lodged at each Customs Office on entry to a country when goods are not being cleared
TIR Carnet - 14 or 20 volets - mainly in French	14 volets: 2 months 20 volets: 3 months	1st volet: entry into country 2nd volet: exit from country or 'clearance'	Bankers or insurance indemnities required Not to be used for journey within EU and EFTA 'Open TIR' for bulky goods Limited number of departure/destination offices	TIR is not compulsory
ATA Carnet - 2 volets per country	12 months (6 months: international exhibitions and professional equipment)	1st volet: import into country 2nd volet: export from country For temporary exports	Guarantee valid for 31 months, or deposit	Exempts operator from having to deposit duty or bond with Customs May be used for both accompanied and unaccompanied goods
Certificate of Origin		In countries where preferential tariff arrangements exist	Evidence of manufacture in UK must be available and appropriate declaration made	Required in Arab-League States (except Egypt) and countries with preferential tariff arrangements
Consular Invoices			Usually in the language of the country of import	Required for trade with South America and other countries enforcing 'ad valorem' duties. It is used to control foreign exchange
Bill of Lading		1 Formal receipt for the goods 2 Evidence of contract 3 Document of Title		
House Bill		As a document of information		
CMR Note		- as evidence of haulage contract - as evidence of transfer to sub-contractor	Time limits for 'reservations' and claims Liabilities and defences for each party	Required for international road haulage journeys starting or finishing in a contracting country (except UK/Eire journeys) 'Unwritten' or 'unknown' CMR
Goods-In-Transit Insurance	As required		As required by insurance company	To ensure that goods are fully covered by insurance regardless of other parties, conditions and responsibilities
Marine (Cargo) Insurance	As required		As required by insurance company	To ensure that goods are fully covered by insurance during the sea-leg of the journey
ADR Agreement - Transport Document - Instructions in Writing - Authorisation - Special Authorisation		To enter a foreign country		Required on international journeys involving the carriage of dangerous substances, by road, on access to another contracting country

Appendix B3

DOCUMENTATION CHECK LIST

DOCUMENT	VALID FOR	USE	CONDITIONS	WHY / WHEN / WHERE REQUIRED
THE DRIVER (required on all international journeys)				
Letter of Authorisation				
Driving Licence	'til 70'		Preferably typed on company headed notepaper	To confirm that the driver is entitled to be in charge of the vehicle and to act on behalf of the owner/operator
HGV Driving Licence	3 years 'til 70' then 5 year periods thereafter		Only acceptable in Italy and Soviet Union if a translation is carried	All foreign countries
Passport	10 years	30 page, or 94 page for persons who make frequent trips abroad	- UK citizenship or British nationality - 2 identical, full face, black and white photographs	A British 'Visitors' passport is not acceptable for business travel
Tachograph Chart			To be returned to employer within 21 days of use	On both EU and AETR international journeys
THE DRIVER (required/advisable on certain international journeys)				
International Driving Licence	12 months		Over 18 years, resident in UK and holding a fully ordinary licence	
Visa		To enter countries where a passport is not sufficient		Hungary, Poland (after 3 months) - all Middle East countries
Certificate of Training ADR - tankers	5 years - usually			
Ball Bond	As required	To ensure driver is not detained and vehicle impounded unnecessarily following an accident		Required: Spain
Insurance - medical	As required			Can be arranged for accidental injury or illness, repatriation and costs of transporting replacement driver or close relative

Appendix C

MAXIMUM WEIGHTS AND DIMENSIONS OF VEHICLES

KEY TO INTERNATIONAL REGISTRATION LETTERS

A	-	Austria
AL	-	Albania
B	-	Belgium
BG	-	Bulgaria
CH	-	Switzerland
CZ	-	Czech Republic
D	-	Germany
DK	-	Denmark
E	-	Spain
EW	-	Estonia
F	-	France
GR	-	Greece
H	-	Hungary
I	-	Italy
L	-	Luxembourg
LT	-	Lithuania
LV	-	Latvia
N	-	Norway
NL	-	Netherlands
P	-	Portugal
PL	-	Poland
R	-	Romania
S	-	Sweden
SF	-	Finland
TR	-	Turkey

MAXIMUM PERMITTED GROSS WEIGHTS

Rigids (tonnes)

	A	AL	B	BG	CH	CZ	D	DK	E	EW	F	GR	H	I	L	LT	LV	N	NL	P	PL	R	S	SF	TR
2 axle	16	18	19	-	16	16	18	18	20	18	19	15	20	18	19	-	-	-	20	16	16	17	16	17	19
3 axle	22	24	26	26	25	24	25	24	26	25	26	26	24	24	26	-	-	-	30	22	24	22	22	26	26
4 axle	-	-	-	-	28	-	32	-	-	-	-	33	30	24	26	-	-	-	40	22	24	-	-	32	-

Articulated tractor unit/semi-trailer combinations (tonnes)

	A	AL	B	BG	CH	CZ	D	DK	E	EW	F	GR	H	I	L	LT	LV	N	NL	P	PL	R	S	SF	TR
3 axle	38	-	29	35	-	-	28	44	24	-	38	29	28	30	40	-	-	-	30	26	32	-	26	44	32
4 axle	38	-	39	35	28	32	36	44	38	36	38	38	36	40	40	-	-	-	40	32	32	34	32	44	38
5 axle	38	-	44	38	28	48	40	44	40	40	40	40	40	44	40	-	-	-	50	40	42	40	38	44	42

Drawbar rigid truck/full trailer combinations (tonnes)

	A	AL	B	BG	CH	CZ	D	DK	E	EW	F	GR	H	I	L	LT	LV	N	NL	P	PL	R	S	SF	TR
38	-	44	38	28	48	40	44	44	40	44	40	40	40	44	40	36	38	-	50	40	42	40	42	48	42

MAXIMUM PERMITTED DIMENSIONS

Overall length (metres)

	A	AL	B	BG	CH	CZ	D	DK	E	EW	F	GR	H	I	L	LT	LV	N	NL	P	PL	R	S	SF	TR
Rigids	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Artics	16	-	16.5	16.5	15.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16	16.5	16.5	-	12.4	12	12	12	12	24	12	12
Drawbars	18	18	18.35	20	?	18	18.35	18.5	18	18.35	18	18	18	18	18	18.25	-	-	16.5	16.5	16	16.5	24	16.5	16
Overall height																			18	18	*	18.35	24	22	18

With the exception of LV (3.8m), all countries on the list apply the 4m height limit. For the UK position, see text.

Overall width

With the exceptions of DK (2.55m) along with Sweden and Finland (2.6m), all countries on the above list have a 2.5m limit on width. See text for the UK position.

NOTES

- 1 Maximum for three axle rigid applies when at least two axles are driven (if only one is driven, restricted to 22 tonnes). For four axle rigid, at least two driven axles are required.
 - 2 Vehicles conforming to EU legislation are allowed to operate.
 - 3 Weights and dimensions under review.
 - 4 The limit for rigids in Switzerland applies if vehicles have three or more axles. For two axles, limited to 10m.
 - 5 In Turkey the length limit for rigids assumes three or more axles. For two axle rigids, restricted to 10m.
- * In Poland, the length limit for drawbar combinations can vary between 18 and 22m.

SECTION F.

CHAPTER F1
OVERALL REPORT OF THE PROJECT

OVERALL REPORT OF THE PROJECT CONTENTS

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1 Introduction

This section comments in general terms about the progress made during the project in each of its sections.

2 Studies

2.1 Commercial Vehicle Supply and Demand

As discussed in previous reports the acquiring and verification of reliable data has been particularly challenging in the Republics. Gaining requests for clearance of data has proved to be a long process. We now believe however that we have sufficient information from each Republic to present a broad view of the available vehicle fleets.

It should be noted that, given the collection difficulties, these are all single source figures which have not been verified from another source. The full analysis of vehicle supply is contained in Chapter A1.

Demand data has been collected and WS Atkins have supplied some macro-demand data which has been prepared for their project. This is used along with the results of the micro-demand survey carried out on this project. Chapter A2 contains an analysis of the market segmentation for commercial carriers in the Republics.

The current market for trucks in Central Asia is analysed in chapter A3. The infrastructures of the main CIS manufacturers is analysed and used in part to explain market share differences. Similarly, the current policies of the European manufacturers present in Central Asia is also discussed.

Once again, there were considerable problems of data collection and verification because of the commercial sensitivity of the information being requested. On at least one occasion, the initial request for information to a CIS manufacturer was met by a demand for considerable sums of money for their co-operation.

Most of the project has concentrated, as directed on the providers of 'Hire and Reward' transport services. However, own account operators are an important element in the transport markets of each Republic. The analysis of vehicle fleets contained in Chapters A1 and A3 covers both hire and reward and own account vehicles.

In addition, representatives from Ministries who currently represent the own account sector in the Republics were invited to attend the State Seminars held in October and November.

2.2 Automotive Parts and Services

The distribution of vehicle dealerships and spare parts dealers have been analysed in Chapter B1.

The analysis has concentrated on the 3 major CIS manufacturers : Gaz, Zil and Kamaz who between them account for over 60% of trucks produced in the CIS. They appear to show even greater dominance in the area with, for example a combined market share in Kazakhstan in excess of 80%.

A brief case study has been carried out on the supply chain of Gaz vehicles and parts and this is contained in Chapter D1.

Vehicle servicing facilities have been examined in each of the Republics. The analysis has included facilities for each of the 3 main types of service carried out under the former Soviet system. It covers both those facilities tied to specific manufacturers and those which service a range of manufacturers' trucks. This analysis is contained in chapter B2.

There appears only to be a limited amount of local manufacture of parts for trucks, although a number of plants do exist for the refurbishment of truck parts. This is also discussed further in chapter B2.

Consideration has been given to the facilities of former State transport enterprises to assess their future potential We have carried out studies of such facilities in Kazakhstan and Uzbekistan and the results are summarised in chapter B2.

In general, these facilities were found to be in very poor condition and not generally suitable for such purposes. Discussions with local entrepreneurs showed a marked reluctance to consider such facilities and our recommendations are that they should divested.

Concerning 'Support Services' in general, there has been a considerable overlap and 'pooling of effort' between this project and the Dolphin project and this is discussed in chapter G.

2.3 Commercial Services

This section includes examinations into Freight Brokering Services, Commercial Transport Centres and Vehicle Off Road. These services were examined and reported on in the Progress Report but the paper is included in Chapter C1 to this report.

3 Business Plans and Technical Assistance

The approach used for the three Business Pilots contained in this section has been to develop each pilot into a Business Blueprint which can then be applied in other cases. The brief we have followed for each Blueprint is to develop a manual which will lead a practitioner and an entrepreneur systematically through a series of steps in implementing the Blueprint.

3.1 The Support Services Blueprint

The Support Services Blueprint is contained in chapter D1 to this report. The pilot project commenced in Kyrgystan and involved a Kyrgese / Indian Joint Venture called KIT. A number of issues were raised in that pilot concerning:

- Funding
- Insurance
- Supply Chains

These issues are discussed in chapter D1. In order to gain breadth of experience in a more active market the pilot was extended with Iveco to Kazakhstan where the blueprint was further developed with Bayan Aul, the company involved in the operator quality blueprint in Almaty.

As the pilot developed it became clear that the Iveco strategy for development which involved a desire to use transport operators as dealers was not matched by other manufacturers. For instance, the Scania philosophy is to use general merchants rather than transport operators for competitive reasons.

This approach gives wider scope for co-operation in the Area and is given consideration in Chapter D1. The Annex also contains details of a venture under construction in Almaty which will combine a vehicle dealership with a servicing facility and a tyre retreading plant. The venture currently involves Volvo but both Iveco and Scania have an interest in possibly joining the venture in the future.

3.2 CPC *, Access to the Profession blueprint

As discussed in the Progress Report of July 19 1996, section 4.2.2, the focus of the Transport Associations Pilot was changed to one of Access to the Profession of Road Transport.

The pilot was carried out, principally in Tashkent and the resultant Blueprint is contained in chapter D2. The issues arising from this pilot mostly concern the urgency with which the blueprint is needed in each Republic.

Whilst the most overt aspect of the pilot was the training course for 20 people in Tashkent in August, the blueprint concentrates on the establishment of the complete framework, including the licensing and enforcement regimes.

The commercial implications of this blueprint include the fact that Uzbek Transport Operators working internationally are now recognised as being competent, regulated operators given that they have to pass the access examination in order to obtain their licence.

However, this blueprint is only the start, even for Uzbekistan. In Europe, there are regulatory regimes for international transport and each country has its own domestic regulations for transport within its borders. As discussed in chapter E, this domestic regime cannot begin to be put into place until 2000, after the framework of Transport Law is implemented.

The Blueprint takes account of that and ensures that a framework is commenced which will also serve the domestic regulations. In fact, the supporting notes identify the section headings that will need to be used to frame the domestic regulations.

* Certificate in Professional Competency

3.3 The Operator Quality Project

The operator quality pilot has taken place in Kazakhstan and has been carried out largely as foreseen in the Progress Report. The resultant blueprint is contained in chapter D3.

The pilot has concentrated on the development of western management techniques and forming relationships between Bayan Aul and potential western customers.

One potential stumbling block on this has been the provision of funding to acquire the equipment necessary to be able to perform the service for the customers. This is discussed elsewhere in this report.

4 Licensing and Technical Standards

This section of the project has concentrated on providing a regulatory framework for the Central Asian Republics. There has been close contact with the TRACECA Legal Framework project. The background to this section is explained in full in chapter E1 to this report.

During May and June, attention was focused on to the comparison of the current regulatory regimes in Central Asia and Europe. This resulted in the compilation of a draft compliance schedule which was drawn up jointly with the team from the other project. This section is explained in detail in chapter E2.

The compliance schedule was discussed with delegates on the project during September and issued in October 1 November during the State Seminars. The full compliance schedule is contained in chapter E2.

A brief study was carried out by the NIIAT institute in Aimagy to compare the form of the access to the profession requirements and training carried out in Russia to give a further perspective on the regulations. This report is contained in chapter E3.

Part of the technical assistance offered to the Republics has been in the form of translating the technical regulations into a straightforward, easily understood manual that will serve as a daily reference document for both management and drivers in international transport operations. This manual was issued in October 1 November and is contained in chapter E4.

5 Seminars

The seminar programme for the project involved 3 series of seminars:

- The Regional Seminar in Aimagy
- The UK Study Tour
- The State Seminars in Bishkek, Tashkent and Ashgabat

All three series were run successfully and were well attended and well accepted.

The Regional seminar in Aimagy was held in June 1996 and was fully reported in the Progress Report in July (Annexes 1-K). A brief summary of the seminar is given in chapter F1 to the current report

The UK Study Tour took place between 3 - 17 September and involved the delegates in extensive visits and allow a large number of contacts to be made in the UK.

The State seminars were held during October and November and involved a wider cross-section of delegates from each Republic. Delegates from Kazakhstan attended the Bishkek seminar and delegates from Tajikistan attended the Tashkent seminar.

6 Linkage with related projects

There have been a considerable number of working links established between this project and:

- The legal framework project
- The Dolphin project
- The demand forecasting project
- USAID

These are all detailed in Annex G.

7 Conclusions and Recommendations

7.1 Conclusions

The following conclusions and observations have been made for this project:

The trucking industry in Central Asia (both Hire & Reward and own-account) is not in good shape. It suffers in particular from:

- old, inadequate vehicle fleets;
- national economies decimated by the break-up of the Soviet Union;
- extremely seasonal demand generated by the agricultural sector;
- well established competitors in the railways with road haulage as low as 11 % of tonnage moved.

The Hire & Reward sector in particular suffers further from:

- the legacy of Ministry run Road Transport Enterprises (RTE's);
- the continued presence of the Ministry as part owners in Joint Stock enterprises thus contributing in some Republics to a confusion of roles for the Ministry;
- the lack of a western approach to marketing and other management techniques;
- poor facilities by western standards;
- a lack of funding options for small scale capital expenditure.

The market for new CIS trucks has dramatically collapsed throughout Central Asia. Purchases in Kazakhstan have reduced from around 30,000 trucks per year in the 1980's to a liberally estimated 1000 in 1996.

The effect of this will be a serious 'ageing' of the vehicle fleet as the end of the millennium is passed. This ageing is not an open-ended process. Once the average age of the fleet exceeds 10 years the fleet will become inefficient to the point of collapse.

There are no structural changes in the spare parts market to suggest that it will be capable of meeting the extra demands that will be placed on it during the next 10 years as control of the supply chain for that market lies in Russia and Belarus.

Control of the supply chain for some consumable parts such as gaskets and clutch/brake linings is more under the control of the republics as some local servicing plants manufacture these as well as reconditioning engines and gearboxes.

There are increasing signs that many of the former State RTE's are accepting the role of being providers of the overflow resource at the agricultural peak rather than chasing alternative additional traffic for the rest of the year. This particularly appears to be the case in Kazakhstan for both State and JS concerns.

The truck fleet is ageing the consequent reduction in the effectiveness of the fleet must be arrested. However, the current fleet-mix is particularly unsuitable for the demands of modern road transport and the demands of the marketplace.

A disproportionately high proportion of the fleet is represented by flatbed and tipper trucks. Correspondingly, the proportions of boxvans and articulated vehicles is far too low by western standards.

This is further exacerbated by the carrying capacity of the trucks. The average capacity of around 5 tonnes contrasts with an average in Europe in excess of 10 tonnes.

The effect of these two observations combine to produce a fleet which is far less effective than that demanded as the economy eventually grows. The instability of that economic recovery means that the economy needs to have help from a well functioning service sector. If the predictions in this report are correct, the declining vehicle fleet over the next decade and beyond will put a severe brake on the development of the domestic economies in Central Asia.

The inefficiency of domestic transport, its need for restructuring and its lack of financial assistance towards that restructuring coupled with the demands of the economy create a dangerous vacuum in road transport in Central Asia.

That vacuum is already showing signs of being filled on an ad-hoc basis by Iranian and Turkish trucks for the long-haul shipments in Central Asia.

As the demands of the growing economies eventually become more sophisticated, there will be an increasing need for local and national distribution schemes. By that time, the Hire & Reward sector will not be in a position to respond to this (let alone lead it!)

This leaves another vacuum which will increasingly be filled by western distribution organisations who will use their expertise and systems to establish their own operation.

There are already signs of this occurring. In one of our Pilots, BA Logistics were considered by Chevron to run their bulk petroleum distribution to service their new gas stations in Aimag. However, despite Chevron being impressed with the capability of BA Logistics, the contract was awarded to a western distribution company with existing experience.

If all of the above are allowed to occur unchecked, the result will be the destruction of the Hire & Reward sector in Central Asia, or at best its reduction to sub-contractors on the pyataki or spot markets.

The transport regulatory system in Central Asia fails a long way short of that present in EU countries. Actions that can take place immediately are mostly limited to those concerning the activities of Central Asian operators in International Transport.

Regulations applying to domestic transport within the Republics cannot be implemented until the full legal framework is in place concerning road transport in each Republic. In discussion with Scott Wilson Kirkpatrick, we believe that situation will not arise until at least 2000.

However, we believe that it is advisable to ensure that the framework which is needed to regulate operators working internationally is prepared in such a way as to allow the domestic, national regulations to be covered within the same broad framework.

It must be recognised that domestic transportation will not generally function to the standards expected by European customers until that national regulatory framework is in place and strictly enforced.

We have a number of observations concerning enforcement of regulations in Central Asia. Firstly, much of the framework exists for transport regulations as a legacy of the Soviet system. For instance, there is a licensing system for operators in all Republics but it needs to be expanded to cover international (non-CIS) traffic.

There is also a considerable enforcement infrastructure involving the vehicle inspectorate and the GAI with annual checks on vehicles and frequent roadside documentation checks.

In common with other European experts who have worked and travelled in the area we conclude that the informal and semi-formal system of fines and payments at the GAI posts and Oblast border posts needs to be recognised as existing by the authorities and needs controlling. Without this control and reduction of what amounts at times to persecution, the road transport industry will once again, suffer.

Each of the Republics is keen to have the Access to the Profession Blueprint implemented, especially the CPC course itself. We believe this should be done and a framework has been suggested in the blueprint for implementation.

Clearly, the Hire & Reward sector in Central Asia is facing a period of great change. This structural change is very necessary if the sector is to change from an ill-equipped, poorly managed and uncommercial to a flexible responsive and even proactive service sector. This change will badly affect thousands of employees and managers but is unavoidable if the sector is going to survive.

A significant part of this structural change can be a gradual re-profiling of the fleet. A simple re-fleeting using newer versions of the same CIS trucks would be inefficient. There is an opportunity here for used European trucks to provide the catalyst that the truck profile needs for change. This is discussed further in the recommendations section below.

One of the main barriers felt in two of the three Business Pilots in this project concerns funding. If the third party transport sector is to survive in even a reduced form, there is a desperate need for many packets of relatively small scale funding.

A typical transport operator may only need to raise perhaps half a million USD to purchase a fleet of 10 used European trucks. Even more to the point is the fact that they only really need bank guarantees to allow them to lease the trucks.

However, the operator needs to gain the guarantees or the capital advance quickly. The requests need to be turned round by the funding authorities in days and weeks rather than months and years.

The third party transport sector in particular needs a lot of support over the next decade. However, as privatisation occurs and new truly independent enterprises are established the sector will become very diverse and dispersed and will not have a single voice and lobbying position. We conclude therefore that it is critical that successful and effective Transport Associations be established throughout Central Asia.

These associations should also be encouraged to establish a joint forum of all Central Asian Associations so there is an effective organisation exposing issues on the Central Asian scale. This is a way of protecting the Central Asian third party operators from the threat of 'Central Asian Cabotage' which is currently being practised on a large scale by Iranian and Turkish operators in particular.

The KAZATO Transport Association in Aimaty has established its annual fees at USD 10,000 or USD 5,000 depending on membership status. Fledgling Associations should be warned that fees as high as that will not gain the board cross section of members that they need in order to be effective.

SECTION G

CHAPTER G
COOPERATION WITH OTHER PROJECTS

COOPERATION WITH OTHER PROJECTS

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1 Introduction

There has been co-operation between this project and a number of related projects both within and outside of the TRACECA programme. This annex gives a brief description of the main cooperations with:

- Scott Wilson Kirkpatrick
- WS Atkins
- USAID Truck Privatisation
- Carana Corporation
- West East

Each of these are now discussed in turn.

2 Scott Wilson Kirkpatrick

There has been close co-operation with the legal framework project because of the degree of overlap between the two projects.

Informal contacts on-site were helped by the proximity of the offices within NIIAT and such co-operations extended to the trade facilitation team as well although the project overlap was less marked.

Formal contacts included a meeting in August between GIBB Ltd, Scott Wilson Kirkpatrick and the British Freight Transport Association. This meeting took the feedback gained from the Almaty regional seminar in June and compiled an agreed regulatory compliance schedule that took account of the need for domestic regulatory compliance but provided a realistic time-scale that allowed the legislative umbrella to be in place within each country.

Concerning domestic compliance it was agreed that the legal framework would not be in place to allow a full regulatory regime until at least 2000 but effort should be made in each Republic to commence a control framework following the implementation of its international competence training.

Visits were also made to a number of Scott Wilson Kirkpatrick seminars held as part of their project.

3 WS Atkins

Had time allowed, the output from the regional forecasting project run by WS Atkins would have been useful input to the demand modelling section of this project. However, a number of meetings between GIBB Ltd and Atkins revealed that the time-scales of that project were such that no final results would be available within the necessary time-scale.

WS Atkins did provide some interim results concerning broad international trade patterns for Central Asian republics and these were considered in the demand modelling.

4 The USAID Truck Privatisation Project

The project team acquired reports from the original Truck Privatisation project of 1993/4, including reports on the establishment of the Commercial Transport Centres and the Freight Brokering System. These were particularly useful as background to the establishment and subsequent demise of these schemes which is discussed further in Annex ??.

The team also had discussions with former members of that team who are now dispersed on to other US projects within Central Asia.

5 The Carana Corporation

The next phase of the USAID Truck Privatisation Programme is being carried out currently by the Carana Corporation.

Members of the project team attended a seminar run by them in Almaty and we have obtained reports by them into the Trucking system in Kazakhstan and Kyrgystan.

6 West-East (Caravanserai Project)

The objectives of this TACIS - TRACECA project cover advice and assistance to investment decisions concerning the road transport support services industries in the Traceca region. The specific purposes for this addendum is to finalise a feasibility study and a business plan for four motorway service stations / truck stops / Caravanserai on the Traceca routes in Turkmenistan and Uzbekistan. The incremental budget will allow the support by experts in the fields of architectural planning, layout and costing of comprehensive motorway stations. Additionally the comparison with alternative construction methods, the preparation of a business plan and investment proposals acceptable by international banks and other investors.

The project will involve personnel from the Traceca Road project for improvement of road services and The Traceca Dolphin project. This allowed a high level of cross fertilisation between the projects. The project foresees the involvement of European companies ,either as direct investors or beneficiaries.

The project will consider 4 sights, in Turkmenistan, Asgabad and Mary, and in Uzbekistan, Tashkent and Samarkand.

The project will consist of the following stages;

- Site selection
- Negotiation with local and national authorities
- Design of site layout
- Sourcing raw materials and local contractors
- Sourcing continuous fuel supplies for sale at the service station
- Production of business and financial plans for each site
- Discussions with tax authorities
- Discussions with potential investors (local and international)

European firms will be advised of the expected potential business opportunities and will master mind an appropriate presence of European companies in the Central Asian transport service industries.

Each Caravanserai will supply a number of services which will include

- Fuel, Benzene and Diesel
- Safe parking
- Vehicle maintenance facilities
- Spare parts sales
- Tyre sales, balancing and fitting
- Motel facilities
- Restaurant
- Shop