

## Doğu Karadeniz Bölgesi Lojistik Köyünün Bölgesel Entegrasyonu Ve Uluslararası Rekabet Gücü: Türkiye

### Regional Integration And International Competitiveness Of Eastern Black Sea Region Logistics Village: In Turkey

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**ÖZ:** Bu çalışmanın amacı Doğu Karadeniz Bölgesinde kurulacak lojistik köyün Türkiye'nin doğusunda yer alan ülkeler ile entegrasyonunu artırarak uluslararası rekabet gücüne sağlaması muhtemel katkıları incelemektir. Lojistik köyün Türkiye'nin hedeflediği dış ticaret hacminin genişletilmesine hız kazandıracığı düşünülmektedir. Doğu Karadeniz Bölgesinde lojistik köy kuruluş yeri seçimi ve özellikle bölgenin lojistik önemini değerlendirilmesi litedatür incelenmesi ile gerçekleştirilmiştir. Gelişmekte olan ülkelerin bölge üzerinden küresel pazarlara yakınlaşması zaman ve maliyet tasarrufu ve bunlarla bağlantılı olarak rekabet avantajı sağlayacaktır. Bu avantajlar bölgenin ulaşım ve lojistik önemini bölgesel, ulusal ve küresel boyutta arttırmaktadır. Lojistik köylerin kuruluşları sabit sermaye ve altyapı yatırımı gerektirdiğinden finansman yapısında kamu-özel sektör işbirliği faaliyetleri ile uygulamaya geçilmesi beklenmektedir. Ayrıca ülkeler arası ticareti olumsuz yönde etkilememesi bakımından güvenlik, ulaşım altyapısı, mevzuat değişiklikleri gibi sorunların aşılması gerekir.

**Anahtar Kelimeler:** Lojistik Köy, Türkiye, Doğu Karadeniz Bölgesi, Rize (İyidere).

**ABSTRACT:** This study aims to prospect that the logistics village to be established in the Eastern Black Sea Region will positively affect the international competitiveness by increasing its integration with Turkey's eastern neighbour countries. The logistics village is expected to accelerate the expansion of Turkey's foreign trade volume. The selection of the logistics village's location in the Eastern Black Sea Region and the evaluation of the logistical importance of the region have been achieved by an examination of the literature. As the developing countries get closer to the global market through the region, cost and time savings and thereby a competitive advantage can be achieved. These advantages increase the transportation and logistical importance of the region, both nationally and globally. Since the construction of the logistics villages require fixed capital and infrastructure investments, it is expected to be implemented through public-private partnership activities for financial issues. In addition, the problems such as safety, transport infrastructure and legislative changes must be overcome so that the international trade will not be adversely affected.

**Keywords:** Logistics Village, Turkey, Eastern Black Sea Region, Rize (İyidere).

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## 1. INTRODUCTION

Turkey has a strategic and geopolitical position which bridges Asia and Europe. Also, it is a country surrounded on three sides by the sea with a developing transport infrastructure, an expanding foreign trade volume and a position close to emerging economies. The growth recorded in imports and exports has increased the value of the logistics sector in the globalized world and Turkey. In order to ensure supremacy in global competition, the cost-effectiveness must be achieved, the supply chain management efficiency must be increased and logistical operations must be successful. The Logistics sector being one of the service sectors is the basis for freight and passenger transport between the continents. The growth rate which Turkish logistics sector has attained in foreign trade since the 2000s, enables it to be a dynamic sector attracting local and foreign investors. However, Turkey can not make use of this potential adequately. It is seen that the construction of the logistics villages has had a large space in the transportation strategies of Turkey's targets in 2023. The construction of the logistics villages and the activities to put them into service has been continuing rapidly.

The logistics villages/bases/centers which are the areas where the operative needs of the enterprises can be met, come up frequently in the world and in our country and their number is increasing rapidly. As our country is situated at the intersection of the east-west and north-south axis on earth, it could be said to have the potential to become a regional power. The Eastern Black Sea Region is an important area in terms of logistical activities carried out through Turkey and transportation corridors.

This study aims to prove that the logistical village to be established in the Eastern Black Sea Region will positively affect the international competitiveness by increasing its integration with Turkey's eastern neighbour countries. The logistics village is expected to accelerate the expansion of Turkey's foreign trade volume. The study is discussed in four parts. In the first part; the information about the concept of logistics, logistics villages and their general characteristics is given. In the second part, the development of logistics villages and the logistics sector in Turkey are described. In the third part; the regional integration of the Eastern Black Sea Region logistics village has been mentioned and the work has been completed with a general evaluation in conclusion.

## 2. THE CONCEPT OF LOGISTICS, THE CONCEPT AND THE STRUCTURE OF LOGISTICS VILLAGE

### 2.1. The Definition of Logistics

It was derived from the Greek word "logistikos" meaning "the science of accounting" and also means "being good at accounting" (lojistikdunyasi.com). It is a word came out of the process in which the soldiers in Ancient Greek, Roman, Byzantine civilizations meet their needs by themselves (Logisticsworld.com). According to another definition, it is a term related to the activity of moving equipment, supplies and people for military operations (Oxford Advanced Learner's Dictionary). Logistics is a word passed from military terminology to the civilian one. According to Turkish Language Association Dictionary, logistics is defined as the effective and efficient planning and implementation of the transportation of all kinds products, services and information from the standpoint to the destination to meet the needs of people (tdk.gov.tr). Today, it is defined as the physical movement of the products/services between one or more parties in the supply chain (Nebol, Uslu, Uzel, 2014: 313). Logistics is the process which includes the implementation of the forward and reverse flow of transportation of the goods and services and the relevant information between the source and demand areas meeting the needs of the customer effectively and efficiently storage; its planning, implementation and the control of the procedures (cscmp.org). In this definition, the importance of logistics in terms of management and increasing service quality and customer satisfaction, while reducing costs, are emphasized.

## 2.2. The Definition of Logistics Village

"Logistics villages" are generally dealt with its definitive variations of "logistics base" and "logistics centers" (Elgün, 2011: 205). The concept of the logistics village is called "inland port" in the USA (Aydın&Öğüt 2013). Due to the different customs procedures, it is also conceptually called as "logistical park", "transport center", "integrated merchandise center" (Aydın&Öğüt 2008). It came up as "freight village" in Europe in the late 1960s (Elgün, 2011: 207). Logistics villages are known by different concepts in different countries especially in Europe. It is defined as "freight villages" in the UK; "plate forme logistique" and "plate forme multimodal" in France, "güterverkehrszent" (GVZ) in Germany; "interporto" in Italy; "rail service centre" (RSC) and "tradeports" in the Netherlands and "transport centre" in Denmark (Yıldıztekin, 2012). Logistics village is a specific area where both national and international transport, logistics and all the activities related to distribution of goods are implemented by a variety of operators (Erdal, 2015: Slide No: 14). Beside these activities, they are also particular regions where the integrated logistics activities such as storage, handling, consolidation, separation, import, export, customs clearance, transit operations, insurance, banking, consulting, infrastructure services and manufacturing (Kutlu&Gür, 2008: 6).

## 2.3. The Structure of Logistics Villages

The increased competition as a result of the growth in global trade also increases the importance of investment in the logistics field. Therefore, today the logistics villages integrating airline, land, sea, railway and pipeline transport has gained importance.

Logistics villages where distribution is made from one single center are built near cities and managed from one single center. Logistics villages, as well as being an investment for the long term development of cities, should be built in accordance with a master plan. Logistics villages serve the logistics enterprises. Logistics villages have a structure including indoor-outdoor storage areas, with intelligent storage system and in which customs procedures are easily performed, support and assisted services can be provided (Yeşilyurt, 2013). In logistics villages, container, loading, unloading; and in storage areas; storing and warehousing loads splitting, merging and packaging services are provided.

When the formation of logistics villages is examined, they seem to be rather high cost in terms of physical service and technological infrastructure. Logistics villages in Europe are generally established as multi-partnered with capital support in return for a certain share of money by public private partnership including municipal or local governments, the region's boards of trade and industry, transport companies and by third parties. Logistics villages are generally operated by a single body belonging to public and/or private sector. Hence, logistics villages should be established by the cooperation of both public and private sectors.

Considering that logistics and trade are inseparable, logistics costs make up 10-20% , sometimes 40%, of the overall costs, In economic terms, logistics costs are the end point with which companies can compete. In economical terms, the last point where the companies can compete is logistics costs. Logistics includes receiving, warehousing and stocking, packing, shipping, international and local transport and the integration of information processing related to the relevant activities. That is to say, logistics is a concept that will always be the case as long as the difference between the production point and consumption point exists (Tanyaş, 2008).

The logistics information technologies in modern terms, require a specialization in which communication, human resources management, total quality management, supply chain management and transportation and engineering are integrated (Gün, 2013).

### **3. DEVELOPMENT OF LOGISTICS VILLAGES, LOGISTICS SECTOR IN TURKEY**

#### **3.1. Development of Logistics Villages**

When we take into consideration that logistics is based on transportation, it can be said that this function is as old as humanity. It appeared in the military field in the French army in the 17th century. Its recognition as a sector in the world dates back to the 1950s and it was used in industry in the late 20th century. Today, it has been a part of the supply chain, enabling the supply chain to function efficiently and economically (Nebol, Uslu, Uzel, 2014: 12). With the increase need for supply, transportation and materials, the “logistics” concept has found its place in business.

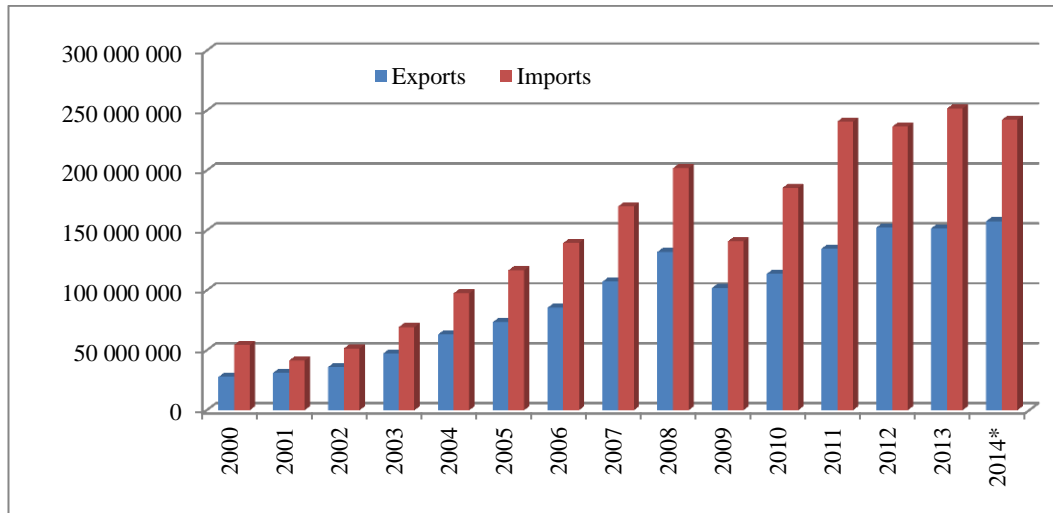
The concept of logistics village was initially born with the development of the industry in the USA. In Japan, the concept of logistics villages are suggested to reduce the traffic congestion, environmental, energy and labor costs. Logistics village administration has gone to Western Europe from the United States. The first examples of it were established, on a large scale, in Paris regional area: Garanor and Sagoris (Rungis) (Nebioğlu, Tuğrul, Gülec, 2013). This application was developed in accordance with urban policy.

Since the late 1960s, Logistics villages have appeared in Italy and Germany in logistics villages, land /rail transportation has facilitated intermodal transportation. In the 1980s and 1990s, the number of logistics villages began to increase rapidly in the world. Logistics villages, first appeared in the United States, were quickly adopted by the United Kingdom, France, Germany, Italy, the Netherlands, Denmark and Belgium afterwards (Aydın&Öğüt 2013). The process of globalization connects all the continents: America, Asia, Africa, except Australia via land, which has increased the importance of logistics activities.

#### **3.2. The Logistics Sector In Turkey**

In our country, logistics sector operations including land, air, sea, rail and combined transport began in the 1980s. The investments made in the field of logistics has gained momentum in the 1990s. During the 2000s, national and international investments were made and logistics businesses were set up. The logistics sector comprising import and export, has come to the fore with large-scale retail and e-commerce. Thanks to the development of Internet and the establishment of web-based stores has accelerated stocked and even without stock business model retailing (Erdal et al., 2010: 66). The growth in the retail sector has attracted many businesses around the world to Turkish market. In the growing market, the merging of companies reduced the number of companies. Hence, the competition passes from price focused strategies onto technology and logistics focused strategies. The manufacturing enterprises in Turkey, meet 75% of logistics activities in Turkey from their own internal resources. However, manufacturers can concentrate on their core activities by having other companies do transportation, storage, handling, packaging, inventory, distribution other than its main activities (Çevik&Kaya, 2010: 22-23).

Logistics villages, which was first pronounced in 2005 in our country, started to be established by Turkish State Railways (TCDD) in 2006. Considering the logistics villages in our country, their establishment have started to be accepted by the private sector as well. The load stations which have been in the city center, as in European countries, have been set up at 16 points at different scales ensuring effective road transport, an area preferred by customers, capable of responding to major logistical needs, compatible with technological and economic development in a modern way (TC State Railways, 2013). Turkey's foreign trade target in 2023 is 1.1 trillion dollars in total being \$ 500 billion export and \$ 600 billion import. While logistics sector in the global economy reached \$ 6 trillion, in Turkey the sector growing 18 percent last 5 years has reached \$50 billion. By 2015, it is estimated to be over \$ 120 billion (yeniasir.com).



**Figure 1: Turkey's yearly foreign trade rates**

(Source: Institute of Statistics Official Website Turkey, [www.tuik.gov.tr](http://www.tuik.gov.tr), 2015. Data for 2014 is provisional).

It can be concluded from the table above that Turkey's foreign trade volume which expanded after the 2000s, has continued to grow at a lower pace. Turkey, which adopted export-oriented growth model, has \$ 157 billion exports in 2014. According to provisional foreign trade data in January 2015; Turkey's export amounts to 12 billion 331 million dollars while import amounts to 16 billion 636 million dollars ([gtb.gov.tr](http://gtb.gov.tr)). In logistics villages where transportation costs are low thanks to different modes of transport, total freight transport is estimated to reach \$500 billion by 2023, which increases the importance of logistics villages.

The scale of logistics sector is determined in relation to Gross National Product (GNP). According to OECD reports, 15 % of the total employment is made up by logistics sector (Gün, 2013:297). There are different evaluations regarding the scale of the sector varying from country to country. The ratio in the developed countries is seen to range between 11-15% of the GNP while it is %12 in Turkey. "Looking at the strategic location of Turkey, the GDP is seen to have reached a total of 25 trillion US dollars. Our country has a strategic location in terms of its access to the market with a value corresponding to half of the foreign trade in the world. Providing easy access to the Middle East, North Africa, Eastern Europe and Central Asia with a versatile bridge function, Turkey has become a base with its geographical location where more than \$ 2 trillion of freight transport is realized. The logistics industry is today estimated to be 80-100 billion dollars and is expected to reach 108-140 billion dollars till 2017" (Aydın&Öğüt, 2013 ). To be able to attain the goal of being logistics base, Turkey needs to increase the effectiveness of existing infrastructure and improve the efficiency of alternative infrastructure investments along with development of alternative infrastructure investments.

A large part of the domestic transport sector is carried out with the highways. After the year of 2002 with the construction industry of new highways, the sector has flourished. However, the profitability has been reduced due to the increase in oil prices and road transport adversely affects the environment.

The investment cost for railway transport is quietly high, but it has been given importance in recent years. The Ministry of Transport, Turkey Transport and Communication Strategy Target 2023 indicates railway transport corridors. The places which can be accessed by means of railway are specified: Istanbul-Basra Railway Corridor, Hejaz Railway Corridor, Southeast Asia Railway Corridor, the Trans-Anatolian Railway Corridor, Samsun-Antalya Corridor, West-Vertical Corridor and East-Vertical Corridor.

In line with its strategic and geopolitical position, Turkey has a potential to be a transit center and provide functionality for alternative corridors among the countries in Asia, Europe, the Middle East, the Arabian Peninsula, Africa. In an environment of an intense competition in the international transport, Turkey should be integrated with the world. The investments in the field of logistics will not only raise the sector standards in Turkey but also will speed up Turkey in terms of its economic development and logistics base. This trade integration is required to be done to reap the benefits as soon as possible.

#### **4. REGIONAL INTEGRATION OF EASTERN BLACK SEA REGION LOGISTICS VILLAGE**

There are points in our country which has intersection of east-west, north-south axis of the world. Our country, with its geopolitical and strategic features, has the distinction of being a regional power. Eastern Black Sea Region is an important place in terms of its logistics activities and transportation corridors.

This study has been realized with the examination of previous studies about the evaluation of logistics importance of the region and village settlement selection in the Eastern Black Sea Region. Determination of the place of logistics center is an important step in settlement of it. The most important criteria affecting the selection of the place is having a site which can be used by different transportation modes at the same time (Elgün & Elitaş, 2011: 631). Logistics villages are built in the areas with the related infrastructure and in connection to principles such as economic, fast, secure, interoperability between the modes of transport.

To meet the clearance requirements in logistics villages and to build facilities for the provision of combined transport services, the creation of large storage space is required. It is a big advantage that Rize (İyidere) basin and its environment has the opportunity to expand over flat terrain on both sides along with the wide river bed. Surface measurements made with Google Earth shows that this can be extended up to 390,000 m<sup>2</sup> area on land area and with sea embankment.

**Table 1: Planned field measurements of some logistics villages located in Turkey**

<b>Logistics Village Total Area (m<sup>2</sup>)</b>	
Kayseri (Boğazköprü)	511.000
Balıkesir (Gökköy)	200.000
Denizli (Kalkık)	300.000
Erzurum (Palandöken)	327.000
Konya (Kayacık)	120.000

(Source: The Moment Search, 2015).

When compared to logistics villages in Turkey, 390.000 m<sup>2</sup> signifies a positive measurement. Around the creek bed, there are inert lands that are suitable to build an airport. This is possible rise in value with the expropriation of the land.

The depth of harbor is important in logistics villages in terms of transit transportation. The Spice Road that is enlivened by Suez Canal has a 18 m depth (Bacak, 2011). Turkey is not generally seen to have harbor depth higher than 14 meter. In scientific aspect, the best field to build logistics village is Rize (İyidere) basin with 300 meter sea embankment and 18 meter sea depth (rizeninsesi.net). With the formation of this sea depth, the large tonnage of cargo ships that can visit Rize harbor will be important for the realization of international maritime transport. Among the modes of transportation container ports has lower expense in maritime transport, which increases its importance (Erdal, 2008: 522). Thus, maritime transportation comprises the most important part of the logistics (Korkmaz, 2012: 100). Due to currents formed by stream channel, the sand will not accumulate in the harbor of Rize (İyidere) basin,

so the harbor depth will not change. This will make the harbors of Eastern Black Sea Region important.

In connection with the Southeastern Anatolia Region and Black Sea Region; Eastern Black Sea Region is also bridge in the formation of the North-South axis. Besides the ports, for Eastern Black Sea Region to become a major transit route, Ovit-Erzurum Tunnel should get started.

In 1922, the Governor of Erzurum, Mehmet Emin Yurdakul emphasized the importance of reaching Rize and the sea with the opening of Erzurum-İspir-Ovit road. In 1935, Ekrem ORHON wrote a thesis on Ovit road in USA. One of the biggest ideals in 1980s was the construction of a port in Rize, the expansion of the city by filling the sea and the actualizing Rize-İspir-Erzurum road. It was planned to complete Erzurum road, opening to Middle East and with this road Iran oil pipelines passing through İyidere and open to Europe (Rize Municipality, 2010). The former president of Rize Municipality Ekrem ORHON's opening Sarp door to tourism and many activities he foresaw are carried out today and the benefits are offered to the community. Today the ongoing construction of Ovit-İspit-Erzurum tunnel has a certain construction cost. It is considered that a railway construction can be designed next to highway by enlarging the tunnel (Karpuz, 2013). Today's technology has the infrastructure that allow works such as tunneling and the construction of viaducts on the route of the railway which will connect Erzincan to the Black Sea Region. When the geographical conditions are taken into consideration, these methods are easier and more economical than road building with excavation. This technical work is required to be carried out by concerned public organizations and primarily TCDD.

With Ovit-Erzurum connection, the transportation from Eastern Black Sea Region to the east of Turkey, to South Eastern Anatolia Region and to some of the cities situated in the Eastern Anatolia Region and to Iran will be in the shortest way. Iran's foreign trade volume has been 94.5 billion dollar by 11th month, February 2015. When compared to the previous year, there is an increase of 22% and 12.3% in export and import figures (old.mehrnews.com). Logistics center that will be established in the Eastern Black Sea Region will provide the opportunity to serve as a bridge to transport route of Caucasus, Central Asia and the Middle East.

Turkey, between Europa and Asia, performs a duty as a bridge forming east-west axis. With the TRANsport Corridor Europa-Caucasus and Asia (TRACECA) project developed under the leadership of European Union (EU) leadership, the Silk Road is tried to be revitalized. It is aimed to improve transportation opportunities between Europe and the Black Sea and Community of Independent States countries through the Caucasus with railway, maritime and highway. Turkey's routes in the project (TRACECA) are based on highway.

The member states of TRACECA are Turkey, Georgia, Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, Moldova, Ukraine, Romania, Bulgaria and Iran. Although Turkmenistan is a participant, it is not a party MLA. Pakistan's membership process continues. The emerge of the new transport corridor has increased the freight shipment on Asia-Pacific region, Central Asia-Caucasus-Europe (traceca.org.tr). Strategic importance of the Eastern Black Sea ports is great on North Sea-Danube-Black Sea-sea route connecting to the ports of Turkey. However, when Georgia's Poti and Batumi ports were elected in the project, the ports in the Eastern Black Sea Region of Turkey are not included. The port foreseen to be built in Rize (İyidere) as loading port serving for transportation will bring Rize and Hopa Ports into prominence (II. Rize Development Symposium Final Report, 2013). The Eastern Black Sea ports can be connected to Caucasus and Commonwealth of Independent States (CIS) Railways through Batumi railways. The ports must be supported by the railroad in the area.

Within “Turkey Transportation and Communication Strategy Target 2023” Northern Railway Corridor will provide access from Erzincan to Batumi within the borders of Turkey as a continuation of Kars-Baku-Kazakhstan-China corridor. Trans-Anatolian Railway Corridor is a railway project connecting Edirne, Istanbul, Ankara, Sivas, Erzurum, Kars-Tbilisi-Baku. It is indicated that connection will be provided with Erzincan-Batumi connection to Ufa, from Ufa to Vladivostok through Trans Siberia. The construction of railway line in the east-west block of Rize (İyidere) logistic village connecting to Batumi city will create a potential for creating synergy for freight shipment and tourism. It will also reduce the density of road traffic occurs in Sarp Border.

Eastern Black Sea region is key area for integration of regions situated in Turkey's east-west axis and south-north axis. As the region is the closest point of Turkey to markets of Russia, Ukraine, Central Asia, the Caucasus, Georgia, Iran and Iraq, its logistics significance has become prominent. When the geographical advantages of the region become operational, logistics center in the region will become functional. According to the 2014 annual data of TSI, Iran, Iraq, Russia, Ukraine and Azerbaijan are among 20 countries that Turkey does the most foreign trade.

## 5. RESULTS

Since there isn't enough amount of load to be classified as logistics in the Eastern Black Sea region, the way to provider adequate and quality services that will attract transit transfer to the region is to build a logistics village. The arrival of logistics depends on infrastructure. In the selection of the place for the logistics village organization, the places which are wide enough to serve multimodal freight forwarding opportunities, storage and transportation services are taken into consideration. Geographical constraints of the Eastern Black Sea coastline restrict the storage space. In the region, Rize (İyidere) basin has a width of land to build a logistics village. In the Eastern Black Sea Region, Rize (İyidere) basin is also able to provide the integration of the intersection point for road, rail, navigation and airways. The western part of Rize (İyidere) is close to Trabzon airport and its southern part is wide enough host an logistical airport.

The routes of the Transport Corridor Europe Caucasus and Asia-TRACECA passing through Turkey are based on land transportation. In fact, TRACECA has been developed by the maritime and rail lines across the Black Sea. Strategic importance of the Eastern Black Sea ports is great on North Sea-Danube-Black Sea-sea route connecting to the ports of Turkey. Port must be supported with the railroad in the area. The Eastern Black Sea ports can be connected to Caucasus and CIS Railways through Batumi railways.

In addition, the Eastern Black Sea-Erzincan railway link will connect the Erzincan-Kars-Tbilisi-Beijing railway to the Black Sea. On the other hand the Eastern Black Sea ports will provide links to GAP, Iran and Middle East countries through Erzincan and Bingöl railways. The revival of the Silk Road will create a competitive advantage in international trade corridor in the surrounding area. The construction of railway in the east-west block of Rize (İyidere) logistics village connecting to Batumi city will create a potential for creating synergy for freight shipment and tourism. Tourist transitions will accelerate the exchange of art and technology along with culture. Another expectation is that the road traffic density at the border of Sarp will decrease.

Turkey has a strategic and geopolitical position between the Asia continent and the European continent. With the establishment of logistics village in Rize (İyidere) basin and the establishment of ports supported with railways, the strategic importance of the Eastern Black Sea region will increase. With a fully operating Erzurum-Ovit Tunnel connected to logistics village the Eastern Black Sea Region will serve as a bridge in the east-west axis and north-south axis. An additional railway can be built for Erzurum-Ovit tunnel having a certain



construction cost. It is possible to achieve the shortest path to markets in the Eastern part of country and in Iran and in Iraq. Transport facilities on the route which serves as a bridge between Caucasus, Central Asia and Middle East countries will speed up the foreign trade. With an increase in the volume of international trade, maritime transportation which has the highest transportation capacity will make the region an important transit route. It is possible to form a deep sea port serving for cargo ships sea embankment. In addition, Russia's membership in World Trade Organization (WTO) increases the importance logistics of the Eastern Black Sea Region. It is a great opportunity the hinterland of the region includes the developing countries.

Since the construction of the logistics villages requires fixed capital and infrastructure investments, in financing structure it is expected to be implemented through public-private partnership activities. With new employment areas, an increase is expected in qualified workforce and diversity of new jobs. Departments and programs in universities serving for logistics should be opened and guidance should be made. In addition, not to affect trade between countries adversely, problems such as safety experienced in the transport sector, transport infrastructure and changes in legislation should be overcome. Considering there is a need for plan and policies towards development of other sectors related to freight and passenger capacity-building, it would be useful to have observation of the process in terms of technical and political dimension by the related bodies.

Logistics villages provide interesting opportunities for industrial and transportation works, which will promote economic development of the region. It is expected to provide expansion into the national and global trade network from the Black Sea Region. This expansion to all customers in the commercial network, the convergence to the target market will help them save time and cost. Cost advantage of the resources and subsequent efficient utilization of the sources will be provided in addition to a competitive advantage. All these advantages increase the transportation and logistics importance in regional, national and global dimension. All these indicators clearly demonstrate the importance of the integration and it has the potential to be the logistics base for the Eastern Black Sea Region.

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### Extended Abstract

This study aims to prospect that the logistics village to be established in the Eastern Black Sea Region will positively affect the international competitiveness by increasing its integration with Turkey's eastern neighbour countries. Since there isn't enough amount of load to be classified as logistics in the Eastern Black Sea region, the way to provide adequate and quality services that will attract transit transfer to the region is to build a logistics village. The arrival of logistics depends on infrastructure. To meet the clearance requirements in logistics villages and to build facilities for the provision of combined transport services, the creation of large storage space is required. It is a big advantage that Rize (İyidere) basin and its environment has the opportunity to expand over flat terrain on both sides along with the wide river bed. Surface measurements made with Google Earth shows that this can be extended up to 390,000 m<sup>2</sup> area on land area and with sea embankment. In the Eastern Black Sea Region, Rize (İyidere) basin is also able to provide the integration of the intersection point for road, rail, navigation and airways. It is possible to form a deep sea port serving for cargo ships sea embankment. With the establishment of logistics village in Rize (İyidere) basin and the establishment of ports supported with railways, the strategic importance of the Eastern Black Sea region will increase. With a fully operating Erzurum-Ovit Tunnel connected to logistics village the Eastern Black Sea Region will serve as a bridge in the east-west axis and north-south axis. An additional railway can be built for Erzurum-Ovit tunnel having a certain construction cost. In addition, the Eastern Black Sea-Erzincan railway link will connect the Erzincan-Kars-Tbilisi-Beijing railway to the Black Sea. The Eastern Black Sea ports can be connected to Caucasus and CIS Railways through Batumi railways. Also, Russia's membership in World Trade Organization (WTO) increases the importance logistics of the Eastern Black Sea Region. It is a great opportunity the hinterland of the region includes the developing countries. The western part of Rize (İyidere) is close to Trabzon airport and its southern part is wide enough host an logistical airport. The routes of the Transport Corridor Europe Caucasus and Asia-TRACECA passing through Turkey are based on land transportation. On the other hand the Eastern Black Sea ports will provide links to GAP, Iran and Middle East countries through Erzincan and Bingöl railways. It is possible to achieve the shortest path to markets in the Eastern part of country and in Iran and in Iraq. The revival of the Silk Road will create a competitive advantage in international trade corridor in the surrounding area. Transport facilities on the route which serves as a bridge between Caucasus, Central Asia and Middle East countries will speed up the foreign trade.

Logistics villages provide interesting opportunities for industrial and transportation works, which will promote economic development of the region. It is expected to provide expansion into the national and global trade network from the Black Sea Region. As the developing countries get closer to the global market through the region, cost and time savings and thereby a competitive advantage can be achieved. Considering there is a need for plan and policies towards development of other sectors related to freight and passenger capacity-building, it would be useful to have observation of the process in terms of technical and political dimension by the related bodies. In addition, the problems such as safety, transport infrastructure and legislative changes must be overcome so that the international trade will not be adversely affected. Since the construction of the logistics villages require fixed capital and infrastructure investments, it is expected to be implemented through public-private partnership activities for financial issues. With new employment areas, an increase is expected in qualified workforce and diversity of new jobs. Departments and programs in universities serving for logistics should be opened and guidance should be made. All these advantages increase the transportational and logistics importance in regional, national and global dimension. All these indicators clearly demonstrate the importance of the integration and it has the potential to be the logistics base for the Eastern Black Sea Region.