

INTERNATIONAL FORUM “A NEW SILK ROAD” AND PROSPECTS FOR DEVELOPMENT OF EURO-ASIAN TRANSPORT CORRIDOR

МЕЖДУНАРОДНЫЙ ФОРУМ «НОВЫЙ ШЕЛКОВЫЙ ПУТЬ» И ВОЗМОЖНОСТИ РАЗВИТИЯ ЕВРАЗИЙСКОГО ТРАНСПОРТНОГО КОРИДОРА

Prof. Dr. Kochadze T., Dr. Eng. Tsetskhladze A., Master's degree holder Kochadze I.
Akaki Tsereteli State University, Kutaisi, Georgia
E-mail: Temko1954@mail.ru ; alex.tsts75@gmail.com; iraklikochadze@yahoo.com

Abstract: *In view of the new realities created by signing the Association Agreement between Georgia and the European Union, Georgia for the first time was given the opportunity to be properly involved in the processes of global economic integration. This problem can be successfully resolved through safeguarding the Euro-Asian transport-communication space – “A New Silk Road”, and in the conditions of harmonizing the country's geo-economic interests.*

It should be noted that the first test train has passed already through the Georgian section of a new Baku-Tbilisi-Kars railway line. This section is what should become a component part of “A New Silk Road”. The construction of 180 kilometers of this railway line has been already completed, and now everything is being done for completing all works by the end of 2015. This railway line is considered as the most significant project in the South Caucasus region of the Euro-Asian transport corridor.

KEY WORDS: NEW SILK ROAD, RAILWAY FREIGHT ACTIVITY, RAILWAY LINE, SOUTH CAUCASUS REGION.

1. Introduction

Passing of the overland section of the project “A New Silk Road – Economic Belt”, initiated by Chinese President in 2011, through Georgian territory will provide our country with serious geo-economic benefits. However, at this stage, this project faces certain challenges, which on the International Forum “A New Silk Road” held in Tbilisi in October 2015.

Over 1000 representatives of about 30 countries took part in this Forum, including Chinese government officials and representatives of about 300 Chinese larger companies. This event was held in 2015 for the first time, but there are plans to hold it annually.

Georgia is a country linking West with East, and North with South. Holding of such Forum in Tbilisi is an important step, which helps Georgia to become a regional hub and a center for cooperation in South Caucasus, since Georgia is a favorable gate for Europe to link with Asia.

Silk road is an oldest trade route. For centuries, it has been linking China with Europe passing through Central Asia. But a new silk road is aimed at linking China with European countries, and strengthening cooperation of Central Asia with North African countries [2].

The highly interesting projects have submitted to this Forum, including putting into operation a main railway line linking China with Europe. In addition, there were drawn up several very interesting proposals for giving opportunities to different countries for cargo exchange through Georgian territory. These countries are both European and Asian ones. It is essential to reassure the world that Georgia is an attractive country for investments. Georgia will surely be that serious transit country and that transport-logistics hub, which will link East with Europe in the view of freight traffic activities.

2. Preconditions and means for resolving the problem

Georgia's overland, air and maritime transport infrastructure will be able to serve freight traffic from China to Europe. The government of Georgia considers the Anaklia Port as a main sea-gate of Georgia, and as one of the main logistic center in South Caucasus region. The mentioned Port shall serve freight traffic from China to Europe. The Anaklia Port is to be a largest berth not only in Georgia, but on the north-eastern Black Sea coast

as well, and, this being the most important, the transportation route from China to Europe passing through Georgian territory is a shortest one. Georgia shall execute function of a regional transport, infrastructural and industrial hub, and shall become a significant link in the Europe-Asia Transport Corridor.

A new railway line linking Chinese port Liaoning, located on the Yellow sea coast near Shanghai, with Almaty in Kazakhstan, is called “A New Silk Road”. Already several projects related to “A New Silk Road” have been considered for many a year. China holds negotiations for building a main railway line across Asia. According to one of these projects, the route should be lengthened from Almaty to the Caspian Sea, and after the carriage by sea, it will be lengthened to Turkey passing through Azerbaijan and Georgia. A new railway line should also pass through Turkey's territory. Last year, there was put into operation the tunnel under the Bosphorus strait, which connects the Euro-Asian transport systems. When “A New Silk Road” is put into operation, China links with the European Union circumventing Russia.

The railway and maritime administrations of Georgia, Azerbaijan and Kazakhstan set up a Coordination Committee for the Trans-Caspian Corridor development. The Committee is aimed at the attraction of intransit shipment, adopting a coordinating policy for establishing tariffs for carriage (transparent tariffs), infrastructure development and creation of a joint integrated logistics product. Implementation of “A New Silk Road” allows these three countries, as well as Turkey, Iran and Balkans, for strengthening transportation and economic relations between them. The capability of this Transport Corridor, which passes through the mentioned countries, will be increased significantly, if we take into account the project for construction of a new Zhezkazgan-Beyneu railway line, expansion of Aktau Port, completion of works for construction of Kars-Akhalkalaki Railway line and putting into operation a new tunnel under the Bosphorus strait [1].

According to the estimate made by specialists, by the year of 2023, the trading volume between China and Turkey will be increased from \$24 billion to \$100 billion, and therefore, the Kazakhstan-South Caucasus Transit Corridor will be of special value.

A 254-km section of Baku-Tbilisi-Kars railway Line passes through Georgian territory. As a result of project implementation, the important railway corridor from Asia to Europe will be open. A new railway will have capability of carriage of 1 million passengers annually and 5 million tons cargo at the first

stage. Finally, it is planned to increase the actual carrying capacity of railway until 15 million tons.

The Baku-Tbilisi-Kars Railway has been named the most important project in South Caucasus region. Implementation of the main railway line project was started in 2007, but its construction – in 2008. It envisages rehabilitation-reconstruction of Marabda-Akhalkalaki railway line on the country's territory, and construction of a new railway line from Akhalkalaki to the border with Turkey. It should be also noted that the railroad passing through the Georgian section is the highest railway in Europe.

The first test train has passed already through the Georgian section of a new Baku-Tbilisi-Kars railway line. This section is what should become a component part of "A New Silk Road". The construction of 180 kilometers of this railway line has been already completed, and now everything is being done for completing all works by the end of 2015.



Pic. 1. Baku-Tbilisi-Kars railroad section

On December 13, 2015, the first train from Chinese port Liaoning pulled in Tbilisi. By incoming of this train, "A New Silk Road" has been officially opened. The train moved through China, Kazakhstan, Azerbaijan, and passing through Georgia, it will arrive in Turkey. This is the first intransit shipment and the really implemented "Silk Road" Project. For the future, the transit train is to link Asia and Europe in the shortest possible time. Cargo dispatched from port Liaoning, the most easterly part of China, will arrive in Istanbul within 14-15 days, at the latest that can be considered the best result under conditions, when ship needs 40-45 days for the same operation. The mentioned project envisages to transport several thousand containers additionally since the year of 2016 that will increase significantly the country's transit capacity.

Thus and so, from a strategic standpoint, this New Silk Road is no less important than the Baku-Tbilisi-Ceyhan (BTC) and Baku-Supsa pipelines, or the so-called South Caucasus Pipeline, the Baku-Tbilisi-Erzurum (BTE): oil and natural gas may be exhausted within the 40 or 50-year period, but the global Silk Road will have a global impact for a long time in the future. Passing through tunnel existing at the Bosphorus strait bottom and the Kars-Akhalkalaki-Tbilisi-Baku Railway Line, this Road links to each other the European and Asian transport systems. In view of the above, in to attract shipments from Central and Eastern Asia, this Silk Road needs more government support, which includes the following measures [3]:

- For keeping the TRACECA competitive ability, it is expedient to provide continuous coordination of work with Caucasus and Central Asia countries, and provide the coordinated tariff policy. It is also necessary to carry out comprehensive analysis of production and

transportation fields, and through this to determine potential cargos to be attracted;

- It is necessary to study the Central Asian freight (6-8 million tons, i.e. the potentially attracted volume that is possible in the conditions of attracting additional cargos and adopting the so-called "transparent tariffs", and opening ferry traffic lines). Presumably, about 8-10 million tons of cargo are transported from Asia to Europe annually through the alternative corridors passing through Russia. In case of implementing tariff policy coordinated with neighboring countries, it will be possible to attract these flows;
- Georgian ports have to diversify cargo turnover in order to become able to compensate in the future the expected losses caused by possible reduction of oil and oil products transportations by adopting "transparent tariffs" and increasing container services;
- The overall capacity of Georgian ports (Poti, Batumi, Kulevi) is 40-45 million tons annually. Currently, the volume of intransit cargo traffic is 20-25 million tons (railway + motor vehicle transport), in other words, only about half of the potential capacity of Georgian sea port terminals is used at the moment. In addition, it should be taken into account that after putting into operation the Kars-Akhalkalaki Railway by the end of 2016, Georgian sea port terminals will lose part of intransit cargo traffic. Besides, the global economic indices of cargo turnover over the last 10 years are not distinguished by high rates of growth, and, at the same time, there is also the growing competition from other transport corridors. Thus, the construction of a new port in Anaklia with annual capacity of 100 million tons could be justified by focusing on those special cargos (wheat, cotton, liquefied gas, etc.), processing of which in other competitive port terminals (in Turkey, Ukraine and Russia) is limited or not carried out at all.

3. Conclusion

In view of the new realities created by signing the Association Agreement between Georgia and the European Union, Georgia for the first time was given the opportunity to be properly involved in the processes of global economic integration. This problem can be successfully resolved through safeguarding the Euro-Asian transport-communication space, and in the conditions of harmonizing the country's geo-economic interests. The program "A New Silk Road – Economic Belt" allows for strengthening economic relations in the fields such as: transport, communications, trade, energy and tourism.

4. References

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