

ANAKLIA DEEP-WATER PORT AS A MAJOR FACTOR OF INCREASING THE TRANSIT CAPACITY OF GEORGIA

ГЛУБОКОВОДНЫЙ ПОРТ АНАКЛИЯ – ВАЖНЫЙ ФАКТОР УВЕЛИЧЕНИЯ ТРАНЗИТНОГО ПОТЕНЦИАЛА ГРУЗИИ

Prof. Dr. Kochadze T., Prof. Dr. Chabukiani R, Doctoral candidate Mikeladze I.
Akaki Tsereteli state University - Kutaisi, Georgia

E-mail: Temko1954@mail.ru, Rani.chabukiani@atsu.edu.ge, Irakli_mikeladze@gmail.com

Abstract: *Anaklia Port is Georgia's first deep-water port. Anaklia is located on an important section of the Old Trade Road and represents a new Silk Road's key transport point linking China to Europe.*

Anaklia Deepwater Port will be built in several stages, and the process consists of 9 phases. The port is being built on the area of 400 hectares, and its construction and development cost is \$ 2.5 billion. The port's capacity is 100 million tons per year.

In the phase I, the capacity of the Anaklia deep-water port will reach 9.3 million tons. The first phase of the construction is planned to be completed by 2020, after which the port will have a capacity to handle ships of the panamax and post-panamax types.

Anaklia Port will be able to become a leader in comparison with its competitors existing in the region, with the best road, rail and communications infrastructure and innovative equipment.

KEYWORDS: CONTAINER SHIPPING, LOGISTICAL COSTS, LOGISTICS MACHINES, STORAGE FACILITIES.

1. Introduction

Anaklia is located on an important section of the Old Trade Road and represents a new Silk Road's key transport point linking China to Europe. Anaklia Port is Georgia's first deep-water port, and it will be built in several stages, and the process consists of 9 phases. The port is being built on the area of 400 hectares, and its construction and development cost is \$ 2.5 billion. The port's capacity is 100 million tons per year.

In the phase I, the capacity of the Anaklia deep-water port will reach 9.3 million tons. The first phase of the construction is planned to be completed by 2020, after which the port will have a capacity to handle ships of the panamax and post-panamax types.

Anaklia Port will be able to become a leader in comparison with its competitors existing in the region, with the best road, rail and communications infrastructure and innovative equipment. The depth of the port will be 16 meters, which will enable it to receive vessels with 10,000 containers (TEU).

Georgia lies on the strategically important section of the Silk Road on the route of the Belt and Road initiative, the shortest route between China and Europe. This makes it the main gateway during the process of cargo transportation in the regions of Central

Georgian ports in Batumi and Poti are not able to handle with capacity more than 1500 containers, while ships with 10,000-container capacity enter the Black Sea. It has thus become necessary to transfer cargo from the large ship to the small one, which adds to the transportation costs. To this is also added that in Poti they need 3-7 days to empty, while vessels with 10,000-container capacity equipped with modern technologies are emptied in 48 hours. Taking into consideration all this, the average transportation-emptying costs of 1 container run \$ 160 over. Due to this, cargo entered the territory of Georgia in 2015 became \$ 40 million more expensive in total.

The Government of Georgia committed itself to increasing the railway cargo turnover to 100 million tons stage-by-stage, and

Asia and Caucasus, which have no access to the sea. The Anaklia port will serve the markets in the Caucasus region (Georgia, Azerbaijan and Armenia), with 17 million of customers in Central Asia (Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan and Tajikistan) and in northern Iran, with a total of 147 million people. The main reasons for attracting cargo will be the port location, and technical and infrastructural capacities. In addition, the ongoing infrastructural projects aiming at supporting the Belt and Road initiative in the region represent one more important indicator of strengthening trade among Europe and China in the future [1].

In summer 2017, the SSA Marine officially became the container terminal operator of the Anaklia deep-water sea port. SSA Marine is one of the world's largest terminal operators operating on 250 strategically important locations, and it is distinguished by the best experience and productivity. The company's experience is an important factor for the Port of Anaklia port to become the main gateway in trade among Europe and Asia. SSA Marine is also the basic capital investor of the Anaklia Development Consortium.

2. Preconditions and means for resolving the problem

within the limits of spatial planning, it will spend \$ 4 billion in 2021 on the improvement of road infrastructure.

The involvement of Georgian government in port development is of high importance. It provides the closest road and rail link to the port. The Government of Georgia is responsible for the Population Resettlement Project, which was implemented according to international standards. According to the investment agreement concluded between the Government of Georgia and the "Anaklia Development Consortium", the port has been transferred to the consortium with the right to use it as a structure, for a term of 52 years, on the principle of Build-Operate-Transfer (BOT). Under this Agreement, the Government of Georgia provides the Anaklia Development Consortium with 330 hectares of land and 225 hectares

of marine territory to enable the Consortium to build and operate it. On October 30, 2017, the Anaklia Development Consortium received official permit for the implementation of the first phase of the construction [2].

In 52 years, according to the right of structure, the port will be returned to the State. Direct investment of \$ 2.5 billion will result in total economic benefits of \$ 60 billion. The final capacity will reach 100 million tonnes per year by 2069. The port will be located on a 1000-hectare area and the water depth of the dock will be 16 meters. It is planned that 3400 people will be employed during the construction process, and 6400 people when launching operations, and 19,000 people at the end of the final phase. The first phase, according to the plan, must be completed in 2020. During the first phase, the container terminal will be constructed on 60 hectares of land, which will handle 900,000 containers and 1.5 million tons of cargo.

Anaklia deep-water port will have two breakwaters and one dock. There will be 7 container depots in the main dock. The depots intended for solid cargo will be located near breakwaters existing in the north, along with marine service/coast guard establishments. Three docks intended for liquid cargo are placed on southern breakwater. As the study of the impact on transportation reveals, the one-way entrance channel is sufficient for the long-term traffic of vessels in the port. The space intended for turning back is located in front of the third and fourth docks, the radius of which is absolutely sufficient to turn back the ships with the largest capacity (10 000 TEU, 300 m).

The construction of the Anaklia deep-water port began at the end of 2017. The construction works are performed by the Anaklia

Development Consortium, winner in the tender announced in July 2014. The consortium was founded by the TBC Holding and American Conti International. The project is being implemented at several kilometers away from the occupied Abkhazia's administrative border and the US company's participation considerably reduces the risks. In addition, US Vice President Mike Pence, during his stay in Tbilisi, expressed support to this port.

There are also specialists skeptical of the Anaklia port, but their number is not too large. Instead, the number of the interested parties and supporters is large. The Conti International, "MTBS," "VAN OORD," "SSA MARINE" – of the listed ones, the first one is an investor, the second one has taken part in the development of a master plan and design, the third one has performed the pre-construction works, which once designed the new Suez Canal and the famous Dubai Palms, and the fourth in this list is to operate this port. The company "SSA MARINE" serves 250 terminals and 27 million containers per year.

The countries located in the south-east like Armenia, Azerbaijan, Turkmenistan, Uzbekistan, Tajikistan, Kyrgyzstan, Kazakhstan and Afghanistan have no access to the sea. The total population of these countries reaches 160 million people. Just this number says a lot. The date is unknown, but the United States will have to withdraw troops and equipment from Afghanistan some day. There are two options for this: 1) through the territory of Pakistan by land, entering the Arabian sea, and then getting to the ocean; 2) Turkmenistan, the Caspian Sea, Azerbaijan, Georgia, the Mediterranean Sea and the ocean (Fig. 1), [3].



Fig.1. The shortest way from Central Asia (South) to the Atlantic Ocean.

Chinese factor is of high importance for the Anaklia port. In 2016, this state's exports amounted \$ 2.2 trillion and exceeds by \$ 700 billion the US ranking the second. 15 years ago, in 2002, China's exports amounted less than \$ 247 billion. China's economy, at a slower pace, but is still rising by leaps and bounds. More products require more routes, more new roads. If only 1% of cargo will go through Georgia, this will amount \$ 22 billion, part of which will be deposited in Georgia. At present, 340 million tons of cargo from China to Europe are being sent to Europe, but almost nothing goes through the

territory of Georgia. In recent years, the decline in China's exports is due to the strengthening of the US dollar. In 2014-2016, China's exports increased from 14.2 to 14.4 trillion yuan. In January 2018, the Georgia-China Free Trade Agreement entered into force, which should increase trade turnover between two countries.

It is also noteworthy that the main segment of the Anaklia port is the large container ships such as the panamax and post-panamax. Consequently, the fear that Anaklia's port will leave no room for Poti to exist on the market is irrelevant. The Poti Port serves relatively

smaller cargo vessels and it can have very few crossing points with the Anaklia port.

In parallel to the development of the port, there will be created additional infrastructure. The State guarantees the construction of the motorway and railway to the Anaklia port, which makes the dock project even of a larger scale. In addition, local small and medium businesses will be developed, including food, hotels and shops businesses. Overall, after the completion of the nine phase, investment in the project will reach \$ 2.5 billion, which will be one of the largest investments in the history of Georgia.

The construction of the Anaklia City is also planned on the territory adjacent to the port. There will be organized free industrial zone. Priority will be given to planting of greenery and energy efficiency. The idea of the cargo airport was also voiced at the Silk Road Forum, which was held in Tbilisi at the end of November. However, details about the Anaklia City are not yet completely studied. For how many people will be designed the city by 2030 or 2050, and which industries will be developed - will be known later. Anaklia builders study the experience of Asia, which had developed rapidly in the short time. The tender will be announced in the spring for city management.

The Anaklia deep water port became associate member organization of the the same Trans-Caspian International Transport Route (TITR) of the Middle Corridor [4]. The decision on this was made at the TITR session in Baku. The Trans-Caspian International Transit Route brings together the countries participating in the Silk Road project and important regional players. Its members are the leading maritime and transport companies from Kazakhstan, Azerbaijan, Georgia, Ukraine, China and Turkey. The Union aims to popularize the Middle Corridor, accelerate and simplify cargo transportation procedures between Asia and Europe and develop special preferential tariffs. In the view of shipping between the West and the East, the Middle Corridor competes with northern and southern routes. The Parties agree that the promotion of the Anaklia port is an important task for all regional players and the successful completion of the current large infrastructural projects is essential for the development of the Corridor.

Georgia is one of the most important players of the Trans-Caspian International Transport Route. The existence of a deep-water port is a prerequisite for improving the competitiveness of the Middle Corridor in our country. The interest in the Anaklia port is significantly increasing despite the fact that it does not yet operate and is being at the early stage of the construction. This further underlines the importance of the project for both Georgia and the entire region.

3. Conclusion

The Trans-Caspian International Transit Route brings together the countries participating in the Silk Road project and important regional players. Its members are the leading maritime and transport companies from Kazakhstan, Azerbaijan, Georgia, Ukraine, China and Turkey. The Union aims to popularize the Middle Corridor, accelerate and simplify cargo transportation procedures between Asia and Europe and develop special preferential tariffs. "Trans-Caspian International Transit Route" combines the countries participating in the silk road project and important players of the region. Its members are leading maritime and transport companies from Kazakhstan, Azerbaijan, Georgia, Ukraine, China and Turkey. The union aims to popularize the middle corridor, accelerate and simplify cargo transportation procedures between Asia and Europe and make special preferential tariffs. In the view of shipping between the West and the East, the Middle Corridor competes with northern and southern routes. The Parties agree that the promotion of the Anaklia port is an important task for all regional players and the successful completion of the current large infrastructural projects is essential for the development of the Corridor.

The importance of the Anaklia port is also increased by the fact that it is located on a few dozen kilometers away from the occupied territories. In good weather, from this territory, the Abkhazian contours are also clearly visible. Obviously, no one has the illusion that the conflict will be solved by the construction of the Anaklia port, but in the case of public diplomacy and the settlement of relations, the project is proving to be a key one. The Anaklia port will employ several hundred people at the first stage, and after the of completion, there will be employed several thousand people. Consequently, economic stability in the region will be increased considerably.

4. References

1. http://eugeorgia.info/ka/article/662/anakliis-portis-mshenebloba-2018-wlis-pirvel-kvartalshi-daiwyeba---.
2. <http://forbes.ge/news/1309/anakliis-porti-da-misi-perspeqtivebi> .
3. <https://m2b.ge/post/173430-anakliis-rrmawylovani-porti-realuri-sargebeli>.
4. <https://imedineews.ge/ge/ekonomika/60967/anakliis-porti-saertashoriso-satransporto-asotsiatsiis-tsevri-gakhda>.