

TRACECA—Restoration of Silk Route

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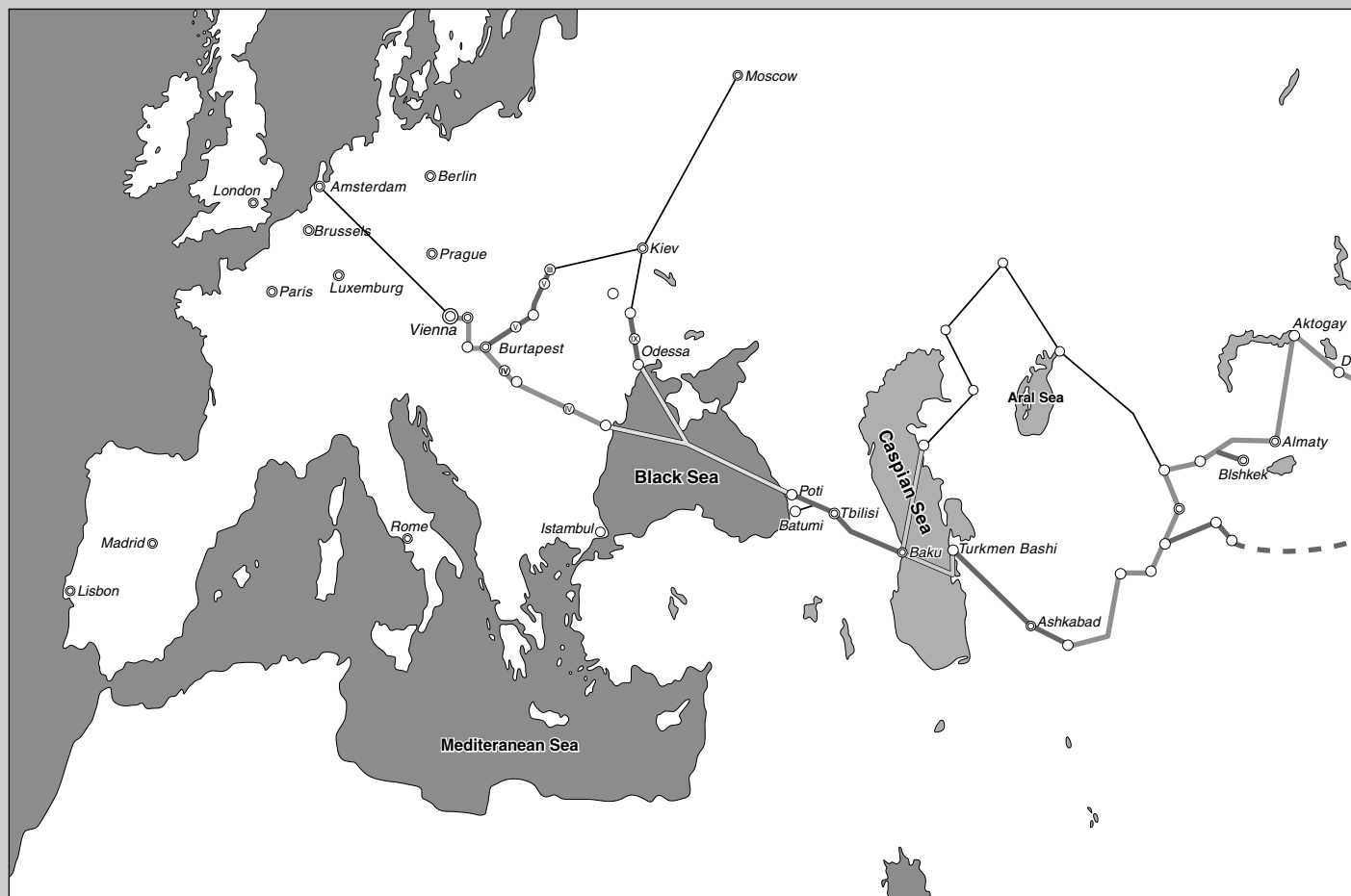
Outline of TRACECA

The political and economic maps of Europe and Asia have changed sharply in recent years. Georgia is now a member of the European Council and the World Trade Organization (WTO) as the first step in becoming an EU member state. One of the most important results of the changes in central Europe of significant importance to Georgia is the huge EU Transport Corridor Europe-Caucasus-Asia (TRACECA) project to connect Central Asia with Europe by a continuous unbroken

railway. The project will put Georgia and the Caucasus at the political and economic crossroads between East and West and the northern and southern countries of Eurasia. The lead group in TRACECA is Technical Assistance to the Commonwealth of Independent States (TACIS). When TRACECA is completed, a continuous railway line will follow part of the ancient Silk Road from the Chinese port of Lianyungang on the Yellow Sea to the Georgian ports of Poti and Batumi on the Black Sea and then on into western Europe (Fig. 1). Some years later, 'a transport delta' will be created on the Georgian coast of

the Black Sea with ferry connections to new ports at Supsa, Kulevi, Anaklia, Ochamchira, and Sukhumi, linking the countries of the Commonwealth of Independent States (CIS) into a truly trans-Eurasian transport infrastructure. In addition, TRACECA offered the opportunity to construct an oil pipeline between Baku and Supsa. A new Aktau-Baku-Tbisili-Ceyhan oil pipeline and a gas pipeline are being considered for construction, and a new oil terminal is being built at Poti.

Figure 1 Europe-Caucasus-Asia Rail Corridors



History of Silk Route

The South Caucasus was part of an ancient trade route as early as 2000 B.C. During the Greek Empire around 750 B.C., Kolkheti on the Black Sea (in what is now Western Georgia) was a trading centre on a route starting in India and running across the Caspian Sea, along the River Kura, through the Surami Pass and along the River Rioni to Phasis (now Poti) on the Black Sea and then via the Bosphorus to the Mediterranean countries. Some time around 200 B.C., trade caravans carrying

silks and other precious commodities started making their way from Xi'an in China through the countries of central Asia to the Black Sea following a route (Fig. 2) that was to become known as the Silk Road. In fact, the Silk Road did not follow a single route but split into northerly and southerly paths at Dunhuang in the Uygur Autonomous Region. The north route crossed Lake Lop Nur, Kashgar, Khorasm, the South Caucasus and then through Georgia (called Iberia at that time) to Byzantium and Rome. The south route ran via the oases of Khoton and Jarkend through northern Persia and Babylon to reach the

Mediterranean ports of Antioch and Tyre. Control of the valuable trade was the cause of many wars between Rome and Byzantium with regional powers like Parthia and Persia. The route was even considered a state secret in Parthia. Later, the Route came under the successive control of Arabs and Mongols in the eighth to tenth centuries.

In addition to trade, the Road promoted cultural and other exchanges between East and West. Discoveries like glass, and religions like Buddhism, Islam, Judaism and Christianity were spread throughout the region. *Periplus*, a Greek book from the 1st century A.D. tells us that over 60 languages could be heard spoken in Phasis (now Poti).

In addition to trade and culture, the Road also carried the armies and ambassadors of Rome and other empires. With Chinese records telling of the arrival of Roman ambassadors from Emperor Marcus Aurelius (121–180 A.D.) in 166 A.D. The Southern Caucasus and especially the Darial Pass had great strategic importance in controlling north–south movements and passage to India, which as the historian Pompeius (106–48 A.D.) tells us could be reached in 7 days from Phasis. However, the discovery of a quicker and safer route to the Spice Islands and Asia around the Cape of Good Hope in the late fifteenth century by European explorers like Bartolomeu Diaz (c.1450–1500) and Vasco da Gama (c.1460–1524) soon led to a decline in the importance of the Silk Road in east–west trade.

Restoration of Silk Road Trade

The idea of reviving east–west trade on the Silk Road was first raised by the Minister of Foreign Affairs for the USSR, Eduard Shevardnadze (now President of Georgia) in September 1990 at the Vladivostok International Conference. This idea of creating an open political and

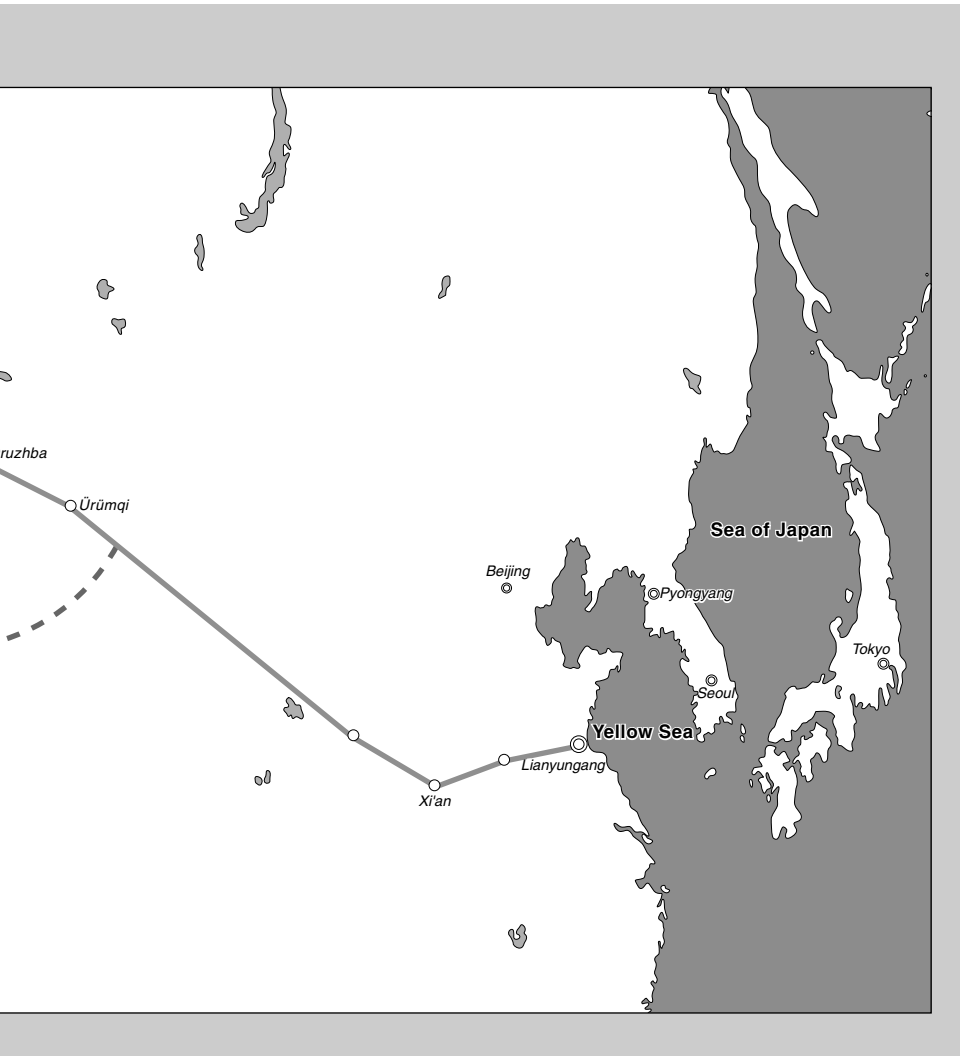
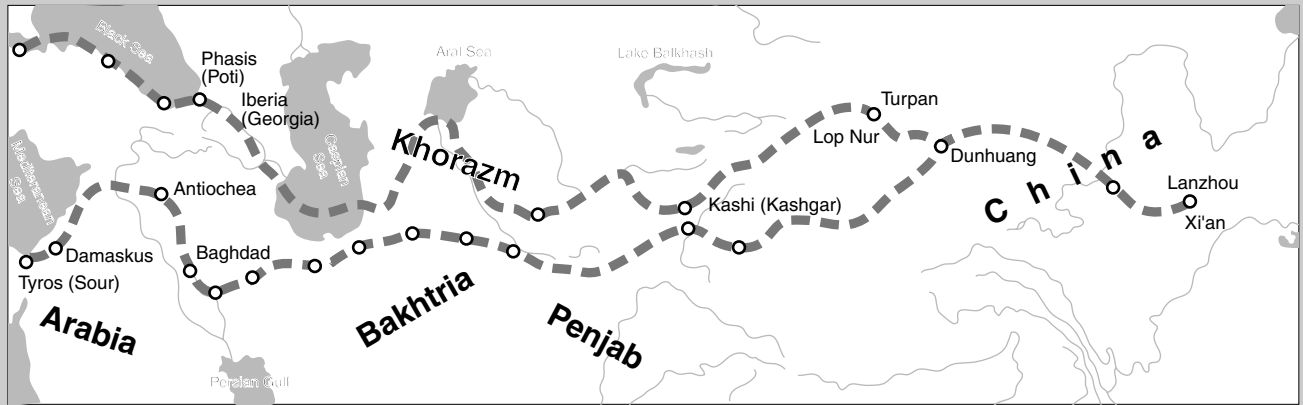


Figure 2 The Great Silk Route around 200 B.C.



economic zone between the countries of Eurasia found widespread acclaim in all countries of central Asia, the EU, and Turkey and was enthusiastically supported by Heidar Aliev, President of Azerbaijan. It was given concrete form by the creation of the TRACECA project, which is backed by some of the world's most influential countries and international and regional organizations. But the project is not just to establish an unbroken trade route between China and Amsterdam, it is also seen as a part of a future world strategic, economic and cultural plan.

Analysis of Existing and Alternative Routes

At present, most trade between Europe and the Far East uses the maritime route through the Suez Canal into the Indian Ocean and then through the Malacca Strait. Land routes to Pakistan, India, Thailand, Cambodia, and Viet Nam are obstructed by natural barriers like the Himalayan and Tien-Shan mountains, so most international trade with these countries is by sea as well, although Pakistan and India have extensive railway networks. Almost all freight in Afghanistan is carried by trucks because there is little functioning railway due to the unstable political situation, but there are road links with railways in Pakistan, Iran, Turkmenistan, and Uzbekistan. Iran is connected to Europe via ports on the Persian Gulf and by rail via Azerbaijan,

Russia, Ukraine, and Belarus. There is also a rail connection via Turkey but the two water barriers at the Bosphorus and Lake Van can only be passed by ferry. Most rail freight to the east travels via Poland, Belarus, and then through Russia from Moscow on the Trans-Siberian Railroad.

Maritime transport between Europe and Asia offers a great many advantages over present land routes, including:

- Less risk of loss or damage to cargo
- Fewer Customs procedures and lower handling fees
- Regular and reliable shipping schedules

However, maritime transport is prey to weather conditions and some 230 vessels and 1000 crew are lost each year. The greatest losses (46%) are for general cargoes.

The most economic speed for large container vessels is about 16 knots or 30 km/h (720 km/day). This would seem a disadvantage compared to an average speed of 37 km/h for some freight trains on some potential TRACECA sections but the average speed of freight trains on long sections is just 12 km/h. Even on good freight lines in Western Europe, the average speed is only 14 km/h. To improve the competitive ability of rail, one aim of TRACECA is to rehabilitate existing track infrastructure to achieve average speeds of 30 km/h over long distances for loaded wagons, and 90 km/h for empty

wagons. One reason why average speeds drops so low is the long standing times at the many Customs posts and border crossings in the region. If the political will existed, this could be solved easily by adopting simplified procedures. A more difficult problem to solve is the change of gauge between some countries such as Ukraine and Russia, Kazakhstan and China, and Azerbaijan and Iran. TRACECA hopes to overcome this by promoting new technologies such as Talgo developed by RENFE and the free gauge system developed in Japan.

If these problems can be overcome, rail could be a more economic and faster means of international freight transport than sea, and a more ecologically friendly means of carrying domestic freight than trucks.

Main TRACECA Goals

In May 1993, a conference marking the start of the TRACECA project was held in Brussels between the EU member states, the central Asian states of Kazakhstan, Uzbekistan, Turkmenistan, Tajikistan, Kyrgyzstan, and the Southern Caucasus states of Georgia, Azerbaijan, and Armenia. As a first step, the conference proposed creating an unbroken rail corridor from western Europe to China via the Black Sea, South Caucasus, Caspian Sea, and Central Asia to be financed as a global EU strategy with four goals:

- Strengthening the political and

economical sovereignty of CIS countries in the TRACECA region to enable their effective participation in the world economy

- Supporting regional cooperation between TRACECA countries
- Promoting regional investment by international and private financial resources
- Linking the Eurasian transport corridor with European and world transport systems

In particular, TRACECA declared its intent to create new transport demand that will generate new profit centres for all interested countries. The first investors to join the project were the European Bank for Reconstruction and Development (EBRD) and the World Bank (WB). The Islam Development Bank (IDB) and the Asian Development Bank (ADB) joined later. Japan is participating in the project implementation through the ADB.

Project Stages

Table 1 summarizes the TRACECA project's achievements from the first conference in 1993 until last year.

In addition various other supporting measures have been adopted by other nations.

The US Congress approved the Silk Road Strategy Act in July 1999 with the aim of ensuring the strength, independence, economic viability and political sovereignty of the Caspian Sea and South Caucasus by developing an open market economy, protecting human rights, assisting regional economic integration, and solving regional conflicts. The Act facilitates US investment in TRACECA countries for development of infrastructure, border controls, etc.

The Japanese government has developed a special programme for reviving the Silk Road trade route. During a State Visit to

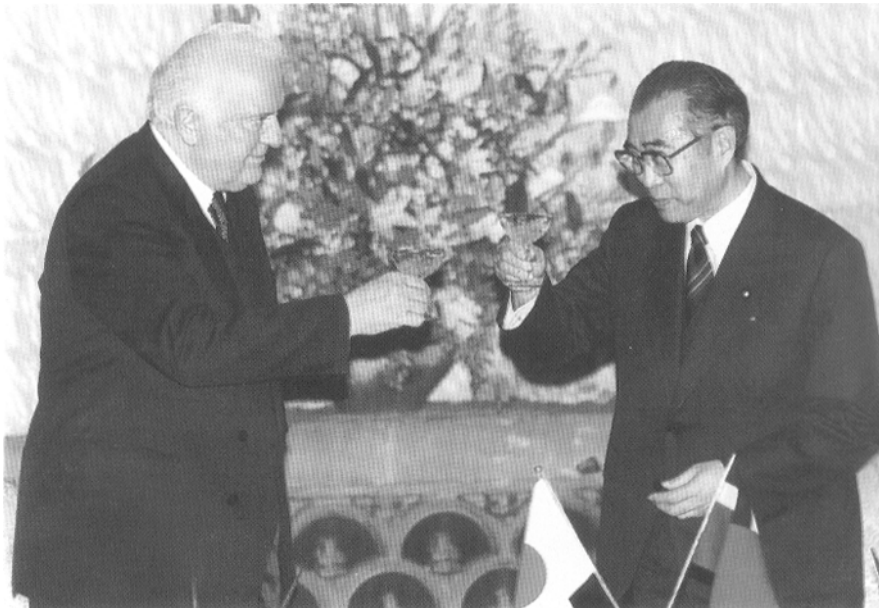
Table 1 TRACECA Conferences

May 1995 in Almaty	Discussed development of trade, road, rail and maritime transport
October 1995 in Vienna	Decided to finance infrastructure rehabilitation in accordance with TACIS national programmes
March 1996 in Venice	Developed coordination programme
October 1996 in Athens	Ukraine and Mongolia joined TRACECA Treaty
April 1997 in Tbilisi	Created International Committee of TRACECA member countries and members of BSEC alliance, an alliance of Black Sea countries for economic cooperation
June 1997 in Helsinki	Recognized Black Sea region as constituent of Pan European Transport Area (PETrA)
May 1998 in Tbilisi	Approved 14 projects including: development of TRACECA road and transport systems; economic linking between TRACECA and Chinese road network; cooperation with international finance institutions; and management, environmental and rescue transportation problems
September 1998 in Baku	Held international summit of 32 countries and 13 international organizations with TRACECA members from around world including USA, UK, France, Germany, China, Japan, India, Mongolia, Turkey, Iran, etc., expressing interest in restoring Silk Road rail trade. Signed basic agreement on development of TRACECA and adopted documents on unifying Customs procedures, and integrating maritime, road and rail transport.
May 1999 in Tashkent	Held meeting of TRACECA working groups coordinating routes of TRACECA corridor and combination of railway lines and rail ferries
March 2000 in Tbilisi	Held intergovernmental conference on unifying legislative basis of transit freight to ensure conformity of Customs procedures and fees, freight rates, etc.
May 2000 in Odessa	Held meeting of TRACECA working groups to consider TRACECA development process, especially in railway transport

Japan in April 1999, Georgian President Shevardnadze and Keizo Obuchi, the late Prime Minister of Japan, issued a joint statement expressing the intent of the Japanese government to intensify diplomatic effort with states along the Silk Road. The statement also implied promotion of political dialogue and intensified cultural contacts and economic cooperation. The Japanese Minister of Foreign Affairs called restoration of the Silk Road a heartfelt desire on the Japanese side. The success of the various TRACECA projects also depends heavily on the transport policy of the Organization of Railways Cooperation (ORC), which includes Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Poland, Romania, Uzbekistan, Ukraine, Bulgaria, Tajikistan,

and Turkmenistan. The purpose of ORC's transport policy is definition of the route, research on conformity of basic track parameters to international standards, definition of problems of development and functioning, development of measures to increase competitiveness of railway transport, attraction of new demand, etc.

An agreement on regulation of transit traffic signed by Georgia, Azerbaijan, Turkmenistan and Uzbekistan in 1996 in Sarakhs (Turkmenistan) and joined later by Ukraine, Romania, Bulgaria, Armenia, Kyrgyzstan and Tajikistan, goes a long way towards coordinating railway business activities. It was first the example of legislative changes towards promoting the project. This was followed in September



Toast between the late Japanese Prime Minister Obuchi and Georgia President Shevardnadze in Tokyo
(Georgian Information Agency)

1997 when the Georgian Parliament accepted the decision on supporting conformity with EU legislation. As a result, all relevant Georgian laws and acts passed since 1 September 1998 are in compliance with EU standards. It is no exaggeration to say that the President of Georgia pays great attention to the TRACECA projects, including development of Georgian Railways (GRW).

Other TRACECA Results

Another aim of the TRACECA project is to assist the development of the Interstate Oil and Gas Transport to Europe (INOGATE) programme, which is an inseparable part of TACIS. INOGATE will rehabilitate oil and gas pipelines in central Asia, the Caucasus, Ukraine, Belarus and Moldova to carry oil and gas from the Caspian Sea region to central and eastern Europe.

The TRACECA project is also related to Trans-European North-South Motorway (TEM) and North-South Railway (TER) corridor between Gdansk and Odessa coordinated by the transport ministers of Ukraine and Poland. These two projects will ensure optimum transportation

between the Baltic countries (Poland, Germany, Scandinavia) and near-eastern countries of the Black Sea.

The TRACECA line is a natural continuation the Gdansk-Odessa and Crete Corridors, ensuring good connections with the countries of the Caucasus and central Asia.

The TRACECA project has also been recognized by the Organization of Economic Cooperation of the Countries of Asia and the Pacific (ESCATO) and construction of a new line between Kurda and Osh via Kashgar will shorten the route between Lianyungang and Rotterdam by 1100 km.

In the long term, when the Ürümqi-Kashgar and Kashgar-Jallal-Abad sections are completed in 2002, the new TRACECA Silk Road Railway will be the shortest and quickest way from China to Southern and Central Europe and the Persian Gulf. Regional development will also be spurred by construction of the Tbilisi-Kars section in future.

National TRACECA Projects

Azerbaijan

In 1998-99, Azerbaijan Railways (AZR) restructured and improved its control

system in line with the TRACECA project. A further US\$2 million has been allocated for optical-fibre network construction.

An oil depot and new station were constructed in 1998 at Diubendi to handle transport of domestic and Kazakhstan petroleum. A container repair depot has been built at Kisli.

Construction of a new service depot financed by the EU is in tender to upgrade 300 km of the Baku-Beiuk-Kjiasik line where freight volumes increased from 765,000 tonnes in 1997 to more than 4 million tonnes in 1999.

Georgia

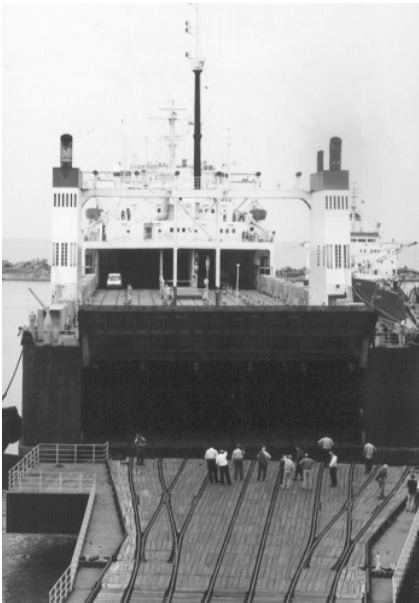
In 1999, GRW transported 9.5 million tonnes of freight, including 6.8 million tonnes in transit. Petroleum and oil products make up about 70% of all freight, so 300 new oil tanker wagons have been purchased. In addition, a new oil terminal is being constructed at Poti where construction of a second 6000 m² terminal for cotton has been finished.

A credit for US\$20 million to modernize railway technology has been received from the ERDB along with an EU grant of US\$6 million for laying an optical-fibre network plus US\$1.2 million for technical assistance.

A plant for manufacturing 6000 concrete railway ties a month has started operation at 1999.

Kazakhstan

The TRACECA project will electrify and double-track 60% of lines in Kazakhstan to upgrade speeds on more than 1000 km of track. Druzhba can handle more than 300 containers per day at present but Japan credits to develop the station and modernize the Aktogay-Druzhba section will increase the amount to 8 million tonnes annually. Aktau Port is being modernized using EBRD credits of US\$54 million and will be able to handle 2 million tonnes of dry cargoes and 6 million tonnes of oil from 2002.



Train ferry at Poti on the Black Sea (Georgian Railway)

Construction of a grain terminal and a ferry from Aktau to Baku are planned when the necessary investment funds can be found.

Kyrgyzstan

In 2000, Kirgizian Railways (KZD) received autoloading equipment for 40-ft containers at the Alamedin container terminal.

Moldova

Moldovan Railways (CFM) will build a branch from Ilichevsk on the Black Sea to link with Jurjulesht in conformance with the TRACECA plans.

Romania

Crete Corridors IV and IX pass through Romania and can serve as a continuation of the TRACECA.

The European Investment Bank (EIB) has allocated credits of €200 million to modernize the line between Bucharest



Loading oil tankers onto a roro ferry at Poti

(Georgian Railway)

and Brashov. Negotiations are also in progress for credits of US\$205 million to modernize the line between Bucharest and Constance. When these upgrades are completed in 2010, passenger trains will be able to run at speeds up to 160 km/h and freight trains at up to 120 km/h.

Uzbekistan

Uzbekistan is a major exporter of cotton and more than 105,000 tonnes were carried on TRACECA lines in 1999. The 220-km line from Mekhnat to Marokanda is to be electrified at a cost of US\$40 million and investment is being requested for electrification of the Tashkent–Angren line.

New rolling stock has been purchased to replace worn out wagons, including 200 oil tankers, 200 covered wagons and 25 passenger carriages. The EBRD is funding modernization of a locomotive depot. Rehabilitation of 320 km of track is planned to increase speeds and safety at

a cost of US\$126 million.

Five container terminals for handling 20- and 40-ft containers are being built on the corridor to Kazakhstan.

Ukraine

1999 saw the opening of the Poti–Ilichevsk ferry complex and the completed rehabilitation of 1870 km of track infrastructure. Crete Corridor III (Krasno–Ternopol–Zhmerinka) and Crete Corridor IX (Razdelnai–Kuchurgan) have been electrified and an EBRD credit of US\$51.88 million has been signed to purchase machinery and materials to repair the Kiev–Zhmerinka–Lvov corridor. ■



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