



DEVELOPMENT OF THE TRANS-CASPIAN INTERNATIONAL TRANSPORT ROUTE

Nowadays, maritime routes dominate over the intercontinental freight traffic between Asia and Europe. However, due to the fact that the volume of foreign trade between major markets in Eurasia is expected to increase by 1.5 times, from \$800 billion in 2014 to \$1.2 trillion by 2020, the Eurasian countries located away from the main maritime transport routes became strongly interested in launching the inland transit corridors, especially between China and the European Union (EU). According to the report of the United Nations Conference on Trade and Development, it is expected that the foreign trade between China and the EU, which as of today amounts to nearly \$600 billion, would exceed 170 million tons, or \$800 billion by 2020. Therefore, it is obvious why establishing transcontinental transportation network is so economically vital for the Central and Western Asian countries.

The idea to reduce the time exposure for delivering goods across Eurasia has caused the revitalization of the historical Great Silk Road concept, which was transformed into the so-called "New Silk Road" intermodal East-West transport infrastructure initiative. As a part of the initiative mentioned above, Azerbaijan, Kazakhstan, Georgia and Turkey agreed on creation of the Trans-Caspian International Transport Route (TITR). In the framework of the TITR project, a cargo train that launches from China will be able to reach Europe in less than 14 days, which is the most competitive route in terms of transport time. For instance, it takes around 15-19 days for a cargo train that departs from China and passes through the Russian territories to reach Europe, and it takes more than a month for a cargo from the Eastern China to arrive in Europe using the current maritime route. Therefore, the TITR would have obvious advantages over the existing inland and maritime routes.

The agreement on the establishment of the Coordination Committee to develop the Trans-Caspian International Transport Route was signed by the representatives of the national railway companies from Azerbaijan, Kazakhstan and Georgia, and the representatives of the ports of Aktau and Baku during the 2nd International Transport and Logistics Business Forum "New Silk Road" in November 2013. During the 5th meeting of the Coordination Committee on the development of the Trans-Caspian International Transport Route, which was held on October 20, 2014 in Baku, participants of the TITR

project agreed to accept the Turkish State Railways to the Coordinating Committee. Currently, the regular meeting of the working group of the Coordination Committee are attended by the heads of the JSC "NC Kazakhstan Temir Zholy", the Turkish State Railways, the JSC "Azerbaijan Railways", the JSC "Georgian Railways", the JSC "NC Aktau International Sea Trade Port", the Baku International Sea Trade Port, the JSC "Azerbaijan Caspian Shipping Company" and the LLC "Batumi Sea Port".

The most significant result of the TITR working group meeting was reached in Batumi on July 24, 2015, namely, in coordination with the Chinese transport company, Minsheng Logistics, the parties managed to launch the first container train over the Trans-Caspian International Transport Route. On July 28, 2015, the test cargo train departed from the Xinjiang province in China, travelled along the Shihezi-Dostyk-Aktau-Alyat-Keshla route through the territories of Kazakhstan and Azerbaijan, and arrived at the Baku International Trade Port complex, located in the town of Alyat (around 30 miles southwest of Baku). The train carried caustic soda and consisted of 41 platforms and 82 containers, weighing 20 tons each. It traveled for 6 days and for more than 4,000 kilometers, passing through the Kazakh port of Aktau.

Therefore, it was the first successful attempt to launch a cargo train from China to the Caspian region through the Caspian Sea. Even though it was a test train, it showed the high capability of the parties to reach an agreement on tariff policy and on harmonized customs procedures providing a competitive route from Asia to Europe.

The second container train via the Trans-Caspian International Transport Route arrived in Georgia on October 3, 2015. The train, consisting of 44 containers, departed from the Chinese Xinjiang province, travelled on the Alashankou-Dostyk-Aktau-Alyat-Tbilisi route and arrived in Georgia in eight days. The second test train showed that the organization of the container service on the China-Kazakhstan-Azerbaijan-Georgia-Turkey route could really meet the expectations of the TITR members. For instance, it is expected that approximately 300,000-400,000 containers will be transported via the Trans-Caspian International Transport Route by 2020 ensuring an average speed of up to 1,100 km a day. Participants predict that the TITR will initially be able to transport up to

5.5 million tons of cargo annually, increasing to 13.5 million tons per year by 2020.

During the meeting in Baku in January 2015, the Coordination Committee reached an agreement on the adoption of measures for utilizing the new Zhezkazgan-Beineu railway lines and on the capacity of Kazakhstan's Aktau and Azerbaijan's Baku seaports in order to create favorable tariff conditions. Despite the agreements, there remains one important missing part of the TITR, namely, the 826-kilometer Baku-Tbilisi-Kars (BTK) railway connection. Opening of the BTK railway with an annual carrying capacity of 6.5 million tons by the end of the year with further integration with the "Marmaray" rail project under the Bosphorus Strait will allow freight trains to travel between Europe and Asia along the fully launched Trans-Caspian International Transport Route.

However, even if all parts of the TITR corridor are linked together, there will still be a necessity to increase the transit capacity of the existing infrastructural facilities. For instance, the "Kazakhstan Temir Zholy" transport company is about to finish the expansion works in the Aktau port, which will allow to put in operation a new grain terminal with a capacity of 1.5 million tons and two additional dry-cargo terminals with a total capacity of 1.5 million tons. Moreover, two universal ferries will be purchased within the framework of implementation of the new state program. Herewith, the port capacity will increase from 16.8 million tons to 21 million tons per year.

In addition, Azerbaijan is also upgrading its maritime infrastructure. In accordance with the plans for modernization of the Caspian Sea infrastructure, Azerbaijani officials made a decision to launch a new port complex in Alyat as part of the Baku seaport. The first ferry terminal in Alyat with transshipment volume of 10 million tons of cargo per year was opened in 2014. At the final stage of the construction works, the Alyat port complex is expected to have an annual transport capacity of up to 25 million tons.

In conclusion, it should be noted that the sharp drop in oil prices has increased the significance of benefits of freight transportation, especially for countries such as Kazakhstan and Azerbaijan. Therefore, establishing the Trans-Caspian International Corridor should be considered as a mutually beneficial project, which could potentially pave the way to build new multimodal transportation hubs in Eurasia.

Politics, Foreign Affairs and Security

- Alexander Lukashenko won the fifth term as the President of Belarus with 83.5% votes. According to the Central Election Commission, other three candidates could not manage to gain more than 5% of votes. The total voter turnout was 86.75%.
- The latest session of the Council of Foreign Ministers and the Council of the CIS Heads-of-State took place at the Burabai Health Resort, Kazakhstan. During the session, documents regulating cooperation in the areas of immigration, culture, emergency management, the fight against crime, and border security were adopted.
- During the work visit to Sochi, the President of Kyrgyzstan, Almazbek Atambayev, held a meeting with the President of Russia, Vladimir Putin. The leaders discussed bilateral cooperation issues, progress of implementation of joint projects, prospects of further cooperation in different areas, including in the framework of the Eurasian Economic Union.
- The participants of the Contact Group for peaceful settlement in Donbas met in the Belarusian capital Minsk to discuss the outcome of the last week's Normandy Four summit in Paris. As a result of the talks, the self-proclaimed Donetsk and Luhansk people's republics (DPR and LPR) changed the dates of local elections from October 18 and November 1, 2015 to approximately February 21, 2016 in order to give Ukraine a chance to honor commitments on the Minsk Agreements.
- A regular round of the Geneva International Discussions on security and stability in the South Caucasus were held in Geneva, Switzerland. Discussions proceeded in two working groups, on security-related issues and on humanitarian matters, including the situation with displaced persons, refugees and humanitarian ties.
- The President of Russia, Vladimir Putin, and the President of Tajikistan, Emomali Rakhmon, held a meeting in Sochi, the main agenda of which was the situation in Afghanistan. They discussed prospects for the development of bi-

lateral relations, issues of security in the zone of responsibility of the Collective Security Treaty Organization (CSTO). In order to reinforce its military base in Tajikistan and secure the region Russia decided to deploy Mi-24P attack and Mi-8MTV transport and combat helicopters.

- During the official visit to Astana, the President of Ukraine, Petro Poroshenko, discussed the implementation of the Minsk Peace Agreements with the President of Kazakhstan, Nursultan Nazarbayev.

Economy, Finance and Energy

- The Economy and Industry Ministry of Azerbaijan announced about the establishment of a joint work group with Communication and Information Technology Ministry of Iran to discuss actions for linking railway lines as part of the North-South Transport Corridor and the creation of appropriate infrastructure on the two countries' border. The Agreement was reached at a meeting between parties in Azerbaijani city of Astara.
- According to the transport national company, Kazakhstan Temir Zholy, the railways of Kazakhstan, Turkmenistan and Iran agreed to establish a single tariff for the new Uzen-Bolashak-Serhetyaka-Akyayla-Incheburun international railway line. The parties have reached an agreement on establishing a single tariff for container trains running from China to Iran starting from October 15, 2015.
- According to the Ministry of Finance of Ukraine, the state and state-guaranteed debt of the country totaled almost 1.5 trillion hryvnias (more than \$70.5 billion) as of August 31 having increased by 394 billion hryvnias (more than \$18.5 billion) from the beginning of 2015.
- The Ministry of Economic Development of Russia reduced its baseline forecasts for inflation in Russia from 7% to 6.4% in 2016 and from 6.3% to 6% in 2017. The inflation forecast for 2018 was left unchanged at 5.1%.
- The Government of Kazakhstan adopted a program to reform the system of state subsidies for agriculture sector. According to the Minister of Agriculture, Asylzhan

Mamytbekov, a new subsidizing mechanism will increase the efficiency of crop cultivation and cattle breeding in the country. The focus will be on the purchase of machinery and equipment, and introduction of new technologies, which aimed at reduce the costs of cotton harvest by 5-6 times.

- According to the Ministry of Industry and New Technologies of Tajikistan, coal production in the country increased by almost 26.5% or up to 760,000 tons for the period from January to September 2015 compared to the same period in 2014.
- The European Bank for Reconstruction and Development (EBRD) and Tengizchevroil (TCO) signed an Agreement to launch a new two-year program of support for small and medium-sized enterprises in Kazakhstan. TCO has contributed a total amount of €458,000 to the program, implemented by the EBRD.
- The National Bank of Kazakhstan (NBK) announced the decision to place restrictions for second-tier banks on issuing foreign currency loans to individuals without foreign currency income.

Society and Culture

- Two bombs exploded at a peace march near the main train station in Ankara killing at least 97 people and wounding 246 others.
- The Minister of Defense of Kyrgyzstan, Abibilla Kudaiberdiev, who was earlier accused of corruption, has been dismissed from his post in accordance with the decree signed by the Kyrgyz President, Almazbek Atambayev.
- According to the Federal Migration Service of Russia, there are 520,328, 966,789 and 2,029,945 migrants in Russia from Kyrgyzstan, Tajikistan and Uzbekistan respectively.
- Belarusian writer Svetlana Alexievich was awarded the 2015 Nobel Prize in literature for her polyphonic writings, a monument to suffering and courage in our time.
- The 2015 Nobel Prize in Chemistry has been awarded for discoveries in DNA repair. Tomas Lindahl and Paul Modrich and Aziz Sançar, Turkish scholar, were named as the winners.