



## THE ANGREN-PAP RAILWAY AS AN IMPORTANT LINK OF THE CHINA-CENTRAL ASIA-EUROPE INTERNATIONAL TRANSIT CORRIDOR

Due to its geographical location the Republic of Uzbekistan is far away from seaports and international transit routes leading to them. Therefore, since getting its independence in 1991, the country has begun construction of new railways in order to create integral railway system.

Over the years of independence, Uzbekistan implemented a number of large-scale projects on modernization and development of its railway infrastructure. To date, Uzbekistan managed to build over 1,200 km of new railways and to renovate nearly 3,800 km of railways. As a result, the total length of railways in the country exceeds 6,500 km. In 2015, over 67.7 million tons of cargo and more than 20 million passengers were transported to their destinations by the railway of Uzbekistan.

Over the last 10-15 years, the construction of the Navoi-Nukus-Uchkuduk-Sultanuvaystag railway with a length of 342 km and of the combined bridge over the Amu-Darya River and the Tashguzar-Boysun-Kumkurgan railway with a length of 223 km were completed. The first one allowed to expand opportunities for the development of rich natural resources of the northern region of the country, while the second one, crossing the Hissar mountain ridge at an altitude of 1.8 km above the sea level, contributed to the development not of Uzbekistan alone, but also of the entire Central Asian region, significantly increasing the transit role and the export potential of the countries.

However, the project of construction of a new electrified Angren-Pap railway with a length of 124 km, which is to connect the Andijan, Fergana and Namangan regions of the country, has the greatest strategic importance for the development of the railway transportation of the country. Without exaggeration, this project will allow to reduce transport expenses and to increase the carrying capacity of the railway infrastructure due to construc-

tion of railway communication between the Uzbek part of the Fergana Valley and other regions of Uzbekistan.

The head of the state, Islam Karimov, first announced the decision on construction of the Angren-Pap railway on April 26, 2013, during his visit to the Andijan region. Further, in order to create a China – Central Asia – Europe International Transit Railway Corridor a Decree of the President of Uzbekistan PP-1985 “On measures of organization of construction of the electrified Angren-Pap railway” was adopted on June 18, 2013.

The total project cost is \$1.634 billion. Funding is mainly provided by the public budget, the state railway company the “O‘zbekiston Temir Yollari” and by the Fund of Reconstruction and Development of Uzbekistan. Besides, international financial institutions such as the Eximbank of China, the World Bank and the International Bank for Reconstruction and Development (IBRD) have also provided loans for the railway construction.

The project consists of the following components: (a) construction of the railway infrastructure, the total cost of which was estimated at \$1.439 billion; (b) electrification of the railway (\$154 million); (c) launching the power supply distribution network (\$35 million), which would be totally financed by the IBRD; providing technical assistance to the “O‘zbekiston Temir Yollari”: (d) for construction of the railway (\$0.5 million); (e) for development of the railway logistics (\$1 million); and (f) providing assistance with the project implementation (\$4.5 million).

Construction of the railway was started in July 2013. In September 2013, the Chinese company “China Railway Tunnel Group” and the “O‘zbekiston Temir Yollari” signed a contract worth \$455 million. Under the contract the Chinese company has pledged to build the railway tunnel through the Kamchik pass. The total length of the tunnel will be 19.2 km. The unique

feature of the project is that the railway tunnel through the Kamchik pass will be built at a height of more than 2.2 km above the sea level. Thus, the tunnel will become the 13th longest tunnel in the world and the first one among the CIS countries. During the construction special attention is paid to the quality of work and to the compliance with international standards. The experts observing and controlling the process are the specialists of the German company DB International GmbH.

It should be noted that the Angren-Pap railway fits well into the Chinese Silk Road Economic Belt initiative, announced by the Chinese President, Xi Jinping, in Astana in 2013. It also contributes to the implementation of the Central Asia Regional Economic Cooperation (CAREC) Program, in the framework of which, transport and trade facilitation strategy, focused on six transport corridors, is being implemented. The Angren-Pap railway line is located along the 2nd corridor linking China to the Caucasus. It was planned to be commissioned in the first half of 2016. However, at the end of February 2016, the Uzbek side announced that the “O‘zbekiston Temir Yollari” had already completed the construction of the Angren-Pap railway. The launch of the first train on the new railway is scheduled for April 15, 2016.

Thus, the construction of the Angren-Pap railway will not only assure secure connection of the central parts of Uzbekistan and the Fergana Valley, but will also serve as an important link in the transnational China – Central Asia – Europe transport corridor. It will radically change the possibilities of Uzbekistan to increase the export potential of the country and to access the international market creating a solid foundation for the development of the fields of construction and industry, transport and communications.

Written by Erkin Baidarov,  
Eurasian Research Institute, Kazakhstan

## Politics, Foreign Affairs and Security

- The observation mission of the Commonwealth of Independent States (CIS) led by the CIS Executive Secretary, Sergei Lebedev, has started monitoring parliamentary elections to the Lower House of the Parliament of Kazakhstan scheduled for March 20, 2016.
- During the first official visit to Kazakhstan, the President of Egypt, Abdel Fattah al-Sisi, and the President of Kazakhstan, Nursultan Nazarbayev, discussed bilateral cooperation in the spheres of trade, economy, agriculture, pharmacy, construction, transportation and logistics.
- The United Nations Security Council has adopted a resolution in support to ceasefire in Syria starting from midnight on February 27 Damascus time.
- During the Session of the Supreme State Council of the Union State of Russia and Belarus in Minsk, the President of Russia, Vladimir Putin, and the President of Belorussia, Alexander Lukashenko, adopted a program of coordinated actions in foreign policy for 2016-2017 and discussed a budget of the Union State for 2016.
- The Ministers of Foreign Affairs of Russia, Bahrain, Jordan, Yemen, Lebanon, the United Arab Emirates, Oman and Sudan attended the ministerial meeting in the framework of the Russian-Arab Cooperation Forum held in Moscow. The meeting focused on issues of fighting extremism and forming the Weapons of Mass Destruction-Free Zone in the Middle East. A joint statement and the Plan of Action of Russian-Arab cooperation for 2016-2018 were adopted as a result of the meeting.
- During the meeting in Astana, the Minister of Foreign Affairs of Kazakhstan, Erlan Idrissov, and the Secretary General of the Collective Security Treaty Organization (CSTO), Nikolai Bordyuzha, discussed further counter-terrorism cooperation within the military bloc. Moreover, the sides discussed upcoming major events within the CSTO such as the Council of Foreign Ministers and the Council of the CSTO Heads.
- Antiterrorist exercises have been conducted at Russia's Lyaur military range located on the outskirts of the Tajikistani capital Dushanbe. Reconnaissance teams of the 201st military base

were involved in the simulated seek and destroy mission of terrorist headquarters. During the exercise the troops drilled counter-sabotage actions in unfamiliar mountainous terrain.

## Economy, Finance and Energy

- According to the Ministry of Energy of Turkey, Russian state-owned gas company, Gazprom, reduced natural gas supplies to private sector companies in Turkey by 10%. The cut came after an initial deal between Ankara and Moscow envisaging a 10.25% reduction in prices was canceled.
- The Azerbaijani state oil company, SOCAR, and Russian company Transneft signed a new agreement on oil transportation via the Baku-Novorossiysk pipeline, according to which the transportation volumes of oil would be less than 1.3 million tons.
- SOCAR announced its plans to additionally produce around 32.85 million cubic meters of gas and 5,480 tons of condensate annually by commissioning a well at the Guneshli offshore field.
- According to the Ministry of Investments and Development of Kazakhstan, 22 abandoned oil and gas wells would be closed in the country in 2016 as part of an oil and gas wells mothballing and closing program. The 2015-2019 program envisages the closing and mothballing of oil and gas wells primarily in the areas that possibly can be flooded by the Caspian Sea, as well as the onshore wells with high failure rate.
- The Director of SOCAR Energy Georgia, Mahir Mammadov, announced that the daily volume of Azerbaijani gas supply to Georgia has reached 8.3 million cubic meters, namely, 3.2 million cubic meters of gas from Shah Deniz gas field and 5.1 million cubic meters of gas via the Hajigabul-Gardabani gas pipeline has been delivered to Georgia.
- The Russian Gazprom stated that the company signed a Memorandum of Understanding (MoU) on gas supplies from Russia with Italian Edison and Greek DEPA. The MoU reflects interests of the parties in the route of Russian natural gas deliveries across the Black Sea via third countries to Greece and from Greece to Italy.
- On the sidelines of the meeting between Azerbaijani President Ilham Aliyev and his Iranian counterpart Hassan Rouhani, Iranian

and Azerbaijani officials signed over 11 MoUs in various spheres of cooperation including transportation, electricity swap, oil, gas, and petrochemical, as well as customs, health and medical sciences.

- According to the Ministry of Energy of Azerbaijan, the generating capacity of the power system of the country will hit almost 10,000 megawatts (MW) by 2020. Currently, this index hits 7,129 MW. In 2015, Azerbaijan generated 24.7 billion kilowatt hours (kWh) of electricity.
- The Uzbek railway company, O'zbekiston Temir Yollari, has completed construction of the 123.1 km-long electrified Angren-Pap railway. The new railway connects Ferghana, Kokand and Namangan regions of the country with Tashkent.
- According to the Minister of National Economy of Kazakhstan, Yerbolat Dossayev, the state budget deficit will increase from 723.4 billion tenge (\$2.1 billion) in 2015 to 902.7 billion tenge (\$2.58 billion) in 2016 or from 1.6% to 2.0% of GDP. The budget expenditures and revenues in 2016 are expected at 8.2 trillion tenge (\$23.44 billion) and 3.4 trillion tenge (\$9.71 billion) respectively. It is planned that from the National Fund will transfer guaranteed and target transfers to the state budget amounted to 2.88 trillion tenge (\$8.2 billion) and 807.5 billion tenge (\$2.3 billion) respectively. Moreover, the Minister stated that due currency exchange recalculation Kazakhstan's per capita GDP will decrease to \$6,900 in 2016.

## Society and Culture

- According to the Ministry of Emergency Situations, tree explosions of methane gas at the Severnaya coal mine in Vorkuta, a Russian city north of the Arctic Circle an Arctic Russian town have killed 36 people, including five rescuers. A total of 110 people were trapped underground, 80 of which were evacuated.
- According to the Ministry of Health of Russia, the flu epidemic, with an epidemic threshold exceeding in eight Russian regions, that killed over 500 people in the country, is over.
- According to Roscosmos, the year 2016 has been announced to be the Year of Yuri Gagarin in commemoration of the 55th anniversary of the launch of the first human into the orbit.