



THE NEW STAGE OF INTEGRATION PROCESSES IN EURASIA: THE BAKU-TBILISI-KARS RAILWAY PROJECT

In a short period, Turkey and the Republic of Azerbaijan have strengthened their bilateral relations and created opportunities for development of regional transport infrastructure. Recently, these countries have achieved a successful process in transportation by constructing the Baku-Tbilisi-Kars railway planned to be completed in 2015. After putting the Baku-Tbilisi-Kars railway project into operation, annually 20 million tons of goods and 3 million passengers would be transported. The Baku-Tbilisi-Kars railway construction costs are covered by financial resources of the Republic of Azerbaijan and Turkey, namely, the share of Azerbaijan and Georgia is \$ 775 million and the share of Turkey is \$345 million. So, the total estimated cost of the project is more than \$ 1.1 trillion. Georgia will cover the cost of the project with the credit supplied by Azerbaijan.

The total length of the Baku-Tbilisi-Kars railway is 825 km. Approximately, 503 km lays in Azerbaijan, 244,5 km in Georgia and 77,5 km in Turkey. After fulfilling the commissioning process, the maximum speed of a train is expected to increase to 120 km/h. The Baku-Tbilisi-Kars railroad project comprises construction of the undersea rail tunnel under the Bosphorus strait (Marmaray), integration of the Trans-European and Trans-Asian railway networks, combining the passengers and the cargo directly to Azerbaijan, passing through Georgia's and Turkey's territories. So, after fulfilling the project, it would be possible to travel by train from Baku to Kars within 1 day and to Istanbul within 2,5 days. According to experts, the Baku-Tbilisi-Kars railroad project takes the second place for further development of

Azerbaijan's economy after the Baku-Tbilisi-Ceyhan pipeline project. The income of Azerbaijan from railway transit is expected to be at least \$50 million annually.

Obviously, the project will not only accelerate the process of integration to Europe within the framework of the "European Neighborhood Policy" by widening the further development of cooperation in Eurasia, but also stimulate the East-West economic relations by increasing trade volume. The development of East-West economic relations could be achieved by joining Kazakhstan's Aktau-Aktoqay railway to the future Baku-Tbilisi-Kars-Asia transport corridor and establishing new railroad project namely, "TransKazakhstan". As a result of the project implementation, the Istanbul-Baku-Tbilisi-Kars-Aktau-Druzhba (China border) transport corridor will constitute a decrease of 800 km from 7077 to 6297 km. At the same time, the new railway Jetygen-Khorgos, which starts in the Chinese border and ends in the southeast of Kazakhstan, will shorten this distance by 293 km. Therefore, the total length of the Istanbul-Tbilisi-Baku-Aktau-Astana-Khorgos (China border) corridor would be only 6000 km. In this case, the importance of the Port Aktau with annual capacity of 1.5 million tons of dry goods and 8 million tons of petroleum will be achieved among the Eurasian railway corridors.

China, the biggest exporter in the region is interested in putting the project into operation as soon as possible. According to the statistic data, China's trade turnover with European countries amounted by \$ 410 billion in 2012 and it is expected that after transport project, launching

the total trade turnover between Europe and China will increase up to \$ 1 trillion. The parties have already decided that during the first stage of project operation it would be transported over 10 million tons of goods per year and in the second stage over 15 million (or more) tons of goods per year from China to Europe. According to the forecasts, in the first year after the railroad launching, the amount of transported goods would reach to 3 million tons and in the next 5 years to 10 million tons.

Besides, the possibilities of strengthening the cooperation with Afghanistan and Iran for the transport project should also be taken into account. The construction of the Baku-Tbilisi-Kars railway corridor would help to fulfill the plans of NATO to take out 200,000 containers and vehicles via Transport Corridor Europe Caucasus Asia (TRACECA) which is used to transport over 55% of goods. According to the agreement between Turkey and Iran, it is planned to build the new Kars-Igdir-Bazarghan-Julfa railroad with the total length of 400 km. The new strategic corridor would have a transit capacity of 3-4 tons per year.

We can conclude that the Baku-Tbilisi-Kars railway project will have a significant geopolitical influence on the development of the Caucasus region and definitely provide the further integration of the East-West energy corridors. The region countries will become an important transit center and will strengthen their political power. Therefore, ensuring the benefits should be achieved by optimal marketing and advertising strategies.

Politics, Foreign Affairs and Security

- During G20 summit in Istanbul, the ministers of finance and heads of central banks of G20 countries have announced a declaration about the policies of European Central Bank, emphasizing that economic growth rates in developing countries have been slightly increasing, and vowed to deepen their cooperation in fighting terrorism.
- The leaders of Russia, Germany, France and Ukraine held consultations on the Ukraine peace settlement. The participants of the so-called Normandy format talks agreed on a ceasefire in the conflict zone in Ukraine's south-eastern Donbas region starting from February 15 midnight, the withdrawal of heavy weapons, as well as long-term political settlement.
- Greece's left-wing government did not agree on new bailout terms in emergency talks with the EU finance ministers in Brussels.
- Iran's top nuclear negotiator and his Chinese counterpart in the P5+1 discussed latest developments of nuclear talks in Tehran.
- The Russian special representative at the Shanghai Cooperation Organization (SCO) stated that the decision on expanding the SCO could be adopted at a summit in Ufa on July 8-10, 2015.
- First meeting of the Consultative Council of Energy Ministers of the member countries of the "Southern Gas Corridor" was held in Baku.
- France and Egypt agreed a deal worth more than 5 billion Euro for the sale of Dassault Aviation-built Rafale fighter jets, a naval frigate and missiles
- Libyan special forces have retaken the main military base in Benghazi from Islamist fighters that they have been battling since October.

Economy, Finance and Energy

- Standard & Poor's Ratings Services lowered its long-term foreign and local currency sovereign credit ratings on Kazakhstan to "BBB" from "BBB+" with negative outlook.
- Gazprom acknowledged that the company significantly reduced gas exports from 217.7 billion cubic meters in 2013 to 147.2 billion cubic meters in 2014.
- After meeting of senior Afghan, Chinese and Pakistani diplomats in Kabul, China's officials announced their desire to build a hydroelectric power plant in the Afghan border region, as well as road and rail links to Pakistan.
- Japan and Mongolia signed a free trade agreement that would open the landlocked frontier market, which would help to increase Japanese auto exports and strengthen Tokyo's leverage with a key partner in its dealings with North Korea.
- Russian President held talks with his Egyptian counterpart in Cairo. The two leaders signed a cooperation agreement on building a nuclear energy plant in Egypt and discussed the possibility of a free trade zone establishment between Egypt and the Eurasian Economic Union.
- The State News Agency of Turkmenistan announced that country's natural gas export in future may reach 160-170 billion cubic meters per year with the possibility of annual increase by 10 billion cubic meters.

- Turkey and European Commission signed an agreement that the European Union would transfer credit costing 4.5 billion Euro to Turkey between 2014-2020 period.
- The International Monetary Fund approved a new program of financial assistance to help Ukraine to avoid default.

Society and Culture

- The UN Security Council unanimously adopted a Russia-drafted resolution intended to avoid the flow of money to the Islamic State jihadist group, as well as al-Nusra Front (ANF).
- The Russian Su-24 crashed near the southern city of Volgograd. There were two crewmen on board. The Defense Ministry grounded all Su-24 flights until investigations unveil the cause of the deadly crash.
- The United States Ambassador to Tajikistan and the United States Agency for International Development launched the USAID Tuberculosis Control Program to improve diagnosis and treatment of tuberculosis in Tajikistan.
- 14th Russian humanitarian convoy to Donbass have been unloaded in the cities of Donetsk and Lugansk and set off back to Russia.
- Egyptian President Abdel Fattah al-Sisi announced that he prohibited the country's citizens to visit Libya after the Sunday execution of 21 Egyptians by ISIL militants.
- After an extraordinary meeting in Riyadh, the Gulf Cooperation Council's member states have called on the United Nations Security Council to authorize forced settlement of crisis in Yemen.