



COMPETITIVENESS ANALYSIS OF THE CAUCASUS TRANSIT CORRIDOR

IMPROVING TRANSIT POTENTIAL FOR CENTRAL ASIA –
EUROPE TRAFFIC

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EUROPE TRAFFIC

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ABSTRACT

At the present time the Caucasus Transit Corridor (CTC) plays a relatively minor role in the movement of non – oil cargo between Central Asia and Europe; the preferred route is via Russia and the Baltic ports. Some reasons for this include the erratic operation of Caspian Sea ferries linking Baku with Aktau and Turkmenbashi, lack of “transparency” of port charges and customs fees in Baku, inadequate warehousing at the port of Poti for some commodities and “established” relationships with the traditional transport route providers on the route through Russia and the Baltic Sea ports. This report investigates the comparative transport charges and service provided by the CTC with the Russia/Baltic corridor as well as through the Ukraine and the southern routes through Turkmenistan and Iran. Primary focus of the conclusions is identification of measures needed, whether they are investments or changes in policy/legislation which would improve the attractiveness of the CTC to potential users and the likelihood that significant traffic could be diverted from these alternative routes.

Several recommendations are included which will improve the infrastructure as well as the logistics environment in both Georgia and Azerbaijan. Azerbaijan was also included as it is the partner to Georgia in the CTC.

There are many positive signs for the future traffic potential for the CTC. Block container trains are now operating between Poti and Baku providing faster rail service in the corridor; forwarders and shipping lines are seriously considering moving cargo between China and Central Asia via Poti due to serious rail congestion within China and at the China/Kazakhstan border; private operators of block container trains between Odessa and Klaipeda have expressed interest in extending their services to the port of Poti and the CTC to Baku; the extension of the CTC rail link to Kars in Turkey will create an all – rail route option between Turkey and Baku; this route will likely capture some of the lucrative cargo flows now moving by truck between Turkey and Central Asia. All of these events point towards a bright future for an increase of traffic on the CTC, provided some improvements can be made to infrastructure and more effective movement of cargo through Baku port and across the Caspian Sea.

ABBREVIATIONS

CTC	Caucasus Transit Corridor
CTCWG	Caucasus Transit Corridor Working Group
DWT	Dead Weight Tonnage
TRACECA	Trans Caucasus Europe Central Asia
UNECE	United National Economic Commission for Europe

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EXECUTIVE SUMMARY

While competitive transit corridors offer faster service and are marginally cheaper, if the CTC were to become about 10% less expensive, transit times reduced by about one week and reliability improved in the crossing of the Caspian Sea, the route would definitely become more attractive to potential users and traffic could be diverted from alternative routes.

While several specific improvements have been identified (among others, improvement of Caspian Sea ferries, transparency of Baku port/customs charges, Poti efficiency improvements and modernization of the Georgian Railways) the most critical improvement needed is to present the CTC as a single transport route responsive to users' concerns about service quality and will actively pursue remedies to these users' problems.

During 2011, the CTC transport routes carried about 8.5 million tons of liquid bulk and 8,457 TEU's by rail, in addition to 8,010 TEU's by road. But, with some service improvements and competitive pricing, the transit potential is much larger.

More than 0.5 million tons of Central Asian traffic now moves through Baltic ports; CTC has the potential to equal the cost and transit times of this route (through establishing a regular schedule for the Caspian Sea ferries and more transparent pricing policy at Baku port) and a portion of this traffic could move to CTC. Other potential traffic includes China cargo moving to Central Asia via Istanbul/Poti (potential of about 200 TEU/month); China cargo to Europe to move through Central Asia and CTC (preliminary estimates of 1 million tons/year); Turkish imports of consumer goods to Central Asia now moving by road through Iran/Turkmenistan; extension of the *Viking* container service between Klaipeda port and Odessa to Poti and the CTC to Central Asia. While the additional traffic to be attracted to the CTC cannot be determined with precision, it can be concluded that it is quite significant.

The kind of modern railways container services as offered on the routes radiating from Baltic ports to the south towards Odessa (Plaske) and to the east to Kazakhstan (FIT) have dramatically decreased transit times and improved quality of services offered to customers. A single price has been negotiated by these operating companies for rail and port services and they take care of all border crossing formalities en route. This same kind of "seamless" service needs to be developed along the CTC so that customers of the CTC can benefit from through competitive transport tariffs similar to those offered by Plaske in Klaipeda, by FIT between Baltic ports and Almaty. Georgian Container corporation is already making investigations (with the assistance of DBI) for getting into this business using the Poti – Baku blockcontainer train as a starting point and would include establishing partnerships with international logistics companies and construction of facilities at strategic locations in Central Asian nations. This is an excellent beginning and the GOG should give them every needed support.

As shown in the EPI Trade and Transit Analysis report, during 2010 Turkey was the third largest source of transit traffic through Georgia. With the completion of the new

railway linking Kars with the Georgian Railways, transit cargo from Turkey should increase dramatically, as at present, these movements take place by truck and are quite expensive (\$10,000 Istanbul to Tashkent).

While not involved directly in this investigation of transit potential of the CTC, Armenia will benefit from improvements to the transit corridor. Transport routes from Armenia link with the Georgian transport system near Tbilisi. The planned logistics center would be strategically located to facilitate this trade.

Based on discussions with forwarders and transporters in Central Asia there is a positive attitude towards routing more traffic along the CTC; already, there are events unfolding that point towards increasing traffic flows:

- Increasing congestion on the Chinese rail network and long delays in moving cargo over the critical Alashankou/Dostyk border; an alternative route is obviously needed;
- Due to international sanctions that have blocked the use of many financial institutions within Iran, routing traffic through Iran is becoming difficult and alternative routes need to be found
- The CTC is the preferred routing for some commodities, such as alcohol/tobacco products from Europe to Central Asia as routes through Russia require a large financial bond to ensure cargo integrity through Russian territory
- If costs can be reduced by about 10% and transit times cut by a week, the CTC could become a serious competitor for Central Asia/Europe cargo traffic
- Road transport within the CTC now moves about twice the number of transit containers as the railway, mostly ISAF cargo moving east. The use of both transport modes should be encouraged as it will strengthen the corridor's future transit potential.
- There is increased interest in the CTC from other transit corridors, which can offer traffic that will complement the advantages of each route. For example, the company providing services of the *Viking* container train between Klaipeda and Odessa, *Plask*, is considering expanding their service beyond Odessa via the Black Sea to Poti then to Baku and Central Asia
- With the completion of the new line extension to the Turkish Railway station of Kars, the CTC will be able to offer all – rail service from Baku and Turkey and, eventually to Europe¹.

Specific recommendations include the following:

- Further modernization of Georgian Railways infrastructure and motive power;
- Expansion of container handling capacity of Poti port

¹ Upon completion of the Bosphorus railway tunnel

- Deepening of the channel at Poti allowing liner vessels to call at the port providing direct services to Asia, North America and Northern Europe
- Provide additional warehousing capacity at Poti for specialty cargos, such as export cotton, additionally there may be opportunities for further processing of cotton at Poti resulting in added value in Georgia
- Increase the professionalism and efficiency of the logistics industry in Georgia

Most critical:

- More transparency and stability in the assessment of port and customs charges at Poti port.
- Creation of a bi – national corridor working group that would not only develop working solutions to the issues of Baku Port and the Caspian Sea ferries, but would also be instrumental in developing, among the various participants a single seamless pricing system so customers see only a single organization, as the customers of Plask using the *Viking* service between Klaipeda and Odessa as well as the other private container trains operated over thousands of kilometers from Baltic Ports to Almaty and other destinations in Central Asia. These organizations provide the one – stop window for railway pricing and are the real vision of the future of the Trans Caucasus Corridor becoming increasingly price and service competitive.
- Provide additional ferry capacity on the Caspian Sea and establish greater service regularity

ACTION PLAN

Some of the recommendations are already under way – Poti port expansion of container handling capacity is under way and by 2013, the draft of the entrance channel will be sufficient for liner ships to link Poti to every continent. However, there should be an investigation by the private sector logistics industry of providing additional speciality warehousing, to be, for example, adequate for catering for handling export cotton from Uzbekistan. There is potential for this traffic, should proper facilities be available.

Georgian Railways has begun an infrastructure improvement program, funded from the government budget, which should improve running speeds and service reliability. However, there is the need to upgrade the electrification system from the old Soviet – era 3 kV system to a more modern 25 kV, similar to the World Bank’s investment program in the Azerbaijan Railways.

The Supply Chain Council is interested in developing a chapter in the Caucasus and this organization can assist to Georgian logistics industry to improve their efficiency through modern management practices as well as contacts with international logistics companies interested in creating partnerships with Georgian companies.

The most critical actions needed are improvements in Azerbaijan, specifically Baku port and the Caspian Sea ferries. This requires special attention and a more delicate approach with Georgia’s neighboring country. The following actions are therefore recommended, in order of importance:

1. Present the recommendations contained in this report to World Bank, TRACECA and EBRD for their concurrence and support.
2. Undertake a special investigation into the issues of Baku port/customs charging and service frequency and pricing of ferry services on the Caspian Sea. This should involve USAID transport specialists and Baku port and customs authorities as well as with “Caspar” the Azerbaijan agency responsible for Caspian Sea ferry services. The objective will be to identify specifically the problem and to suggest solutions. This investigation will also discuss with both governments (the most likely government entity in Azerbaijan is the Ministry of Transport), the appetite for establishing a joint Working Group to monitor the corridor’s performance and to improve efficiency where needed.
3. Encourage the Georgian and Azerbaijan governments to prepare an MOU stating their “full commitment to making the CTC a more efficient and competitive transport corridor and undertake the necessary reforms and other measures needed to improve service in critical areas. As an expression of their commitment both governments support the creation of a Caucasus Transit Corridor Working Group to monitor the improvements and to actively promote the corridor to existing and potential users”.
4. Establish a Caucasus Transit Corridor Working Group (CTCWG) with the sanction of both the Georgian and Azerbaijan governments. The task of this Working Group will be to monitor the progress in implementing the improvements needed to make the CTC more efficient and competitive. Some suggested measures will include developing through competitive tariffs, covering costs of services but keeping in mind alternative routes and the need to be cost – conscious.
5. Encourage Georgian Railways’ modernization plan and approach IFI’s such as World Bank and EBRD to gauge interest in developing a project to improve efficiency of locomotives and the electrification system.
6. Support the Supply Chain Council’s proposed establishing of a chapter in Georgia and encourage logistics companies to participate for the benefit of the industry and Georgia’s transport efficiency. Some specific actions that could arise include concluding partnerships between Georgian and international logistics companies; and consider creating specialty warehousing in Poti port for specific commodities, such as cotton.

METHODOLOGY

Research was undertaken in Kazakhstan, Uzbekistan, Azerbaijan and Georgia. Interviews were held with transporters, freight forwarders, government officials and representatives of international lending institutions in each of these four countries. Reasons for existing patterns of cargo flows were discussed, including routings via the Caucasus Transit Corridor as well as competing routes through Russia and the Baltic states, through the Ukraine as well as the southern route through Turkmenistan and Iran. Specific difficulties encountered by users of each corridor were highlighted and those measures were discussed that could result in an increase in the use of the CTC. An extensive literature research was made of relevant documents prepared by World Bank, USAID, TRACECA and other institutions engaged in transport research and improvement projects in the region. Increased utilization of the CTC has long been the objective of the TRACECA program and has been the subject of investigations, preparation of project proposals and protocols between the many governments in Central Asia and the Caucasus.

In addition a presentation was made at the UNECE *Second Regional Conference on Trade Facilitation, the Single Window and Data Harmonization in the South Caucasus* in Tbilisi on the 14th June 2012. At this conference, valuable contacts were made with representatives from Azerbaijan, Poti Port, Georgian Logistics Association, Ministry of Economy and Sustainable Development of Georgia, Odessa Port and Plaske Cargo (company operating *Viking* container train between Odessa and Klaipeda).

MAP

The following map shows the geography of Central Asia and Caucasus in relation to the main transport corridors.



RECOMMENDATIONS

INFRASTRUCTURE AND POLICY

There are no serious difficulties with transport infrastructure in Georgia. However, the shallow draft at Poti port of 8.4 meters at the container port, that restricts vessel sizes in the container terminal area is a constraint to linking Poti directly by ship to Asia and North America. It is understood that the current port operator (AP Moller) will expand the container facility in an area of deeper draft allowing larger size ships to call at the port (\$100 million). These will be liner ships that will link Poti with Asia and North America with direct service. This expanded container facility is necessary to keep the CTC route a competitive alternative.

One issue that constrains transit container traffic to Central Asia is the reluctance of container owners (typically shipping lines) to allow their containers to move to Central Asia. As there is little backhaul traffic, container shipments to Central Asia should include the cost to return the empty container to its owner; this makes the cost of many shipments prohibitive. Improving the overall reliability of the route will make the situation more favorable to container owners to allow their boxes to Central Asia. In spite of these restrictions, there are a considerable number of shipping lines containers moving to Central Asia based on guarantees provided by freight forwarders that the containers will be returned.

There are ongoing and future projects to improve the road sector in the country, specifically the World Bank's improvement program for the East – West highway, including the Rikoti tunnel and to construct a bridge over the Liakhvi River. Investments in the country's highway network are important, as just over 8,000 TEU's of transit cargo are moved by road over the CTC. However, there is little investment in capital improvements to the railway which carries a similar number of containers plus nearly 9 million tons of oil. If the country is to gain the benefits from increased transit traffic, a railway upgrading project is needed in order to speed transit times by eliminating the many speed reductions that now exist as well as to upgrade the motive power to ensure serviceable locomotives are available for reliable railway service. This improvement in infrastructure is necessary but also necessary is to evaluate of the old 3 kV electrification compared modernizing the railway with the more modern 25 kV system.

This upgrading of the Georgian Railways is urgent as the Azerbaijan Rail system is currently being improved through a World Bank loan that will improve the infrastructure as well as upgrade the electrification system and procurement of new locomotives. It is understood that the Georgian Railways have a track upgrading program under way using funding from the government budget.

During 2010 there were some "test" exports of Uzbek cotton through the CTC but due to lack of suitable warehousing facilities in Poti, the test was not a success. If suitable warehousing facilities were available, and the pricing was acceptable, it is understood from discussions in Tashkent that significant volumes of export cotton could be moved through the CTC. It is recommended that private sector interests be encouraged to investigate the feasibility of developing warehousing in Poti port suitable for handling export cotton.

Summary of recommendations:

- Continue with upgrading and modernization of Georgian Railways, focus on upgrading of track and install more efficient electrification system and more efficient and newer locomotives
- Explore the potential of establishing warehouse capacity at Poti port for specialized cargo, such as cotton
- Expedite the expansion of capacity at Poti port, allowing larger liner vessels

IMPACT OF SUPPLY CHAIN COUNCIL

Supply Chain Council (SCC) is a global non-profit organization; its methodology, diagnostic and benchmarking tools can help member organizations make dramatic and rapid improvements in supply chain processes. SCC has established the supply chain world's most widely accepted framework for evaluating and comparing supply chain activities and their performance. The framework -- the Supply Chain Operations Reference-model (SCOR®) -- lets companies quickly determine and compare the performance of supply chain and related operations within their company or against other organizations. SCC and its member volunteers continually advance these tools and provide education on how to leverage them for supply chain excellence. SCOR® is a registered trademark in the United States and Europe. SCC's membership consists of companies representing a broad cross-section of industries including manufacturers, distributors, retailers and services as well as technology solution providers, business consultants, academic institutions and government organizations. SCC has chapters in Australia/New Zealand, China, Europe, Japan, Latin America, North America, South Africa and South East Asia. Founded in 1996 by AMR Research and PRTM and 69 member companies, the organization now serves over 1,000 organizations worldwide.

During discussions with freight forwarding companies in Georgia as well as with the Chairman of the Georgia Logistics Association, the logistics industry in the country is considered to be weak with many small firms, inefficient, with short – term perspectives and in need of international partners and assistance in assessing their situation and to develop a business improvement plan for the industry. Logistics costs are high in Georgia and the industry is in need of bolstering their management capabilities.

The SCC is interested in developing an SCC chapter in Georgia and a representative will visit the country during August, 2012. This is timely as the SCC could provide great assistance and motivation for the Georgia logistics industry.

Some of the goals of SCC assistance could include providing valuable contacts of logistics companies overseas interested in associating with Georgina firms. These linkages would assist local companies in improving efficiency through these associations. In addition, these connections will assist in developing a “seamless” CTC by having a “chain” of logistics companies along the route each with an interest in assisting with any en route problems with cargo shipments.

Summary of recommendations:

- Encourage the Supply Chain Council in their establishing a chapter in Georgia

- Support local logistics companies to establish partnerships with international companies and to implement modern management practices

IMPACT OF MODERN TECHNOLOGIES

The kind of modern transport technology needed in the CTC is reflected by the competition on the route through Russia to Baltic ports. Between Rezekhne, on the Latvian/Russian border, cargo is consolidated from the ports of Riga, Ventspils, Tallin, Klaipeda and Muuga into trainloads destined for Central Asia. Twice a week a solid container train consisting of 57 flat wagons, suitable for carrying up to 80 TEUs, leaves for Almaty. Commodities include clothing, consumer goods, spare parts and food products. The operator of the train FIT, a subsidiary of the Russian transport group FESCO². The train operates without remmarshaling from the Latvian Russian border to the Kazakh border at Ozinki station in 40 – 43 hours, then moves to Arys and Almaty for distribution of cargo within the region. Users negotiate a through tariff with FIT for the entire movement; the train operates on a strict timetable and therefore users know location of their product at all times. This train moves between 15,000 and 20,000 TEUs annually.

There are other examples of this “seamless” service. The French/Latvian joint venture Eurasian Multi Mode Alliance (EMMA), a joint venture between the logistic group GEFCO and SSR offers similar consolidation services and arranging of sea, rail and road delivery services for clients from Europe to Central Asia. In addition, the *Viking* container train operating between Klaipeda and Odessa represents another modern management technique in transforming railway service into the kind of efficient service customers demand.

These above examples are the kind of modern railway management “technology” that is needed in the CTC to increase its competitiveness. The block container train operating twice per week between Poti and Baku is a positive step in the right direction for more of this kind of innovation in the region.

Georgian Railways Transcontainer is currently evaluating the purchase of containers and constructing container terminals at strategic locations in Central Asia and finding suitable partners in Central Asia to jointly negotiate with rail/sea carriers to offer through tariffs for cargo between Georgia and Central Asia, including transit to/from Europe. This is a positive development and should be encouraged.

Summary of recommendations:

- Encourage the international business ventures of Georgian companies with strategic partners to develop “seamless” rail container services between Georgia and Central Asia

RECOMMENDED STRATEGIES FOR GOG

There are already strong interests among some transporters/forwarders to encourage the use of the CTC for Central Asia – Europe transit traffic as well as cargo moving from China to Central Asia. The GOG can strengthen the corridor by

² As described in Deliver Journal, May 2009 http://deliverjournal.com/en/journal/archive/section.php?ELEMENT_ID=2087

encouraging stronger coordination with Azerbaijan in order to present the CTC route as a “seamless” corridor maximizing coordination of transport infrastructure, rolling stock and competitive pricing. This stronger coordination could take several forms, one useful one would be the creation of a Caucasus Transit Corridor Working Group for Georgia and Azerbaijan; this would require support from the highest levels of government of both countries.

One technique to actively promote the CTC route that has been successful in other regions³ is to develop a users’ group that meets regularly to discuss problems faced by users and to readily identify solutions. It is suggested that this users’ group consist initially of representatives from Georgia and Azerbaijan. Representation could include in the Caucasus Transit Corridor Users’ Group: transporters, freight forwarders, customs, ports and other interested stakeholders.

However, in order for this users’ group to become reality, there must be cooperation and trust from both the Georgian and Azerbaijan governments at the highest level in support. At the present time, there are many organizations that have their own interests, which may not be consistent with developing a strong transit corridor with competitive pricing and consistent service that is expected by users. A detailed step – by – step approach towards implementing this CTC users’ group is described in this report.

Summary of recommendations:

- Facilitate the creation of a CTC Users’ Group composed of members from Georgia and Azerbaijan; specific steps to create this users’ group are detailed in the Action Plan
- Work with the governments of Georgia and Azerbaijan to perform a more in depth analysis of the transport difficulties at Baku port and operation of the Caspian Sea ferry services and work towards solutions to these primary bottlenecks in the CTC

ACTION PLAN

Some of the recommendations identified above are already under way – Poti port expansion of container handling capacity is under way and by 2013, the draft of the entrance channel will be sufficient for liner ships to link Poti to every continent. However, there should be an investigation by the private sector logistics industry of providing additional specialty warehousing, to be, for example, adequate for catering for handling export cotton from Uzbekistan. There is potential for this traffic, should proper facilities be available.

Georgian Railways has begun an infrastructure improvement program, funded from the government budget, which should improve running speeds and service reliability. However, there is the need to upgrade the electrification system from the old Soviet – era 3 kV system to a more modern 25 kV, similar to the World Bank’s investment program in the Azerbaijan Railways.

³ Specifically, along the Mozambique/Zimbabwe corridor linking central Zimbabwe with the port of Beira; also between South Africa and Mozambique to the port of Maputo. This corridor working group, first established during the 1980’s now has grown into a major private sector – led investment program for developing road and rail links as well as industrial development along the route.

The Supply Chain Council is interested in developing a chapter in the Caucasus and this organization can assist to Georgian logistics industry to improve their efficiency through modern management practices as well as contacts with international logistics companies interested in creating partnerships with Georgian companies.

The most critical actions needed are improvements in Azerbaijan, specifically Baku port and the Caspian Sea ferries. This requires special attention and a more delicate approach with Georgia's neighboring country. The following actions are therefore recommended, in order of importance:

1. Present the recommendations contained in this report to World Bank, TRACECA and EBRD for their concurrence and support.
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3. Encourage the Georgian and Azerbaijan governments to prepare an MOU stating their "full commitment to making the CTC a more efficient and competitive transport corridor and undertake the necessary reforms and other measures needed to improve service in critical areas. As an expression of their commitment both governments support the creation of a Caucasus Transit Corridor Working Group to monitor the improvements and to actively promote the corridor to existing and potential users".
4. Establish a Caucasus Transit Corridor Working Group (CTCWG) with the sanction of both the Georgian and Azerbaijan governments. The task of this Working Group will be to monitor the progress in implementing the improvements needed to make the CTC more efficient and competitive. Some suggested measures will include developing through competitive tariffs, covering costs of services but keeping in mind alternative routes and the need to be cost – conscious.
5. Encourage Georgian Railways' modernization plan and approach IFI's such as World Bank and EBRD to gauge interest in developing a project to improve efficiency of locomotives and the electrification system.
6. Support the Supply Chain Council's proposed establishing of a chapter in Georgia and encourage logistics companies to participate for the benefit of the industry and Georgia's transport efficiency. Some specific actions that could arise include concluding partnerships between Georgian and international logistics companies; and consider creating specialty warehousing in Poti port for specific commodities, such as cotton.

ANNEX 1: ANALYSIS OF THE SITUATION ON THE CAUCASUS TRANSIT CORRIDOR

GEORGIAN RAILWAYS

The main line of the Georgian Railway extends some 273 km eastward from the Azerbaijan border to Samtreda, where the line splits – one line 103 km to Batumi and the other extends 66 km to Poti. As the line descends from Tbilisi to the coast, the mountains in the central part of the country provide some difficult railway territory and the wetlands near the Black Sea make for unstable railway roadbed. Most of the locomotives (on both the Azerbaijan and Georgian Railways) are more than 30 years old and are near or beyond the end of their useful lives.

While the line is double track for most of the distance from Tbilisi to the Black sea coast, there are some capacity constraints due to an ageing locomotive fleet, track conditions and some difficult terrain in the mountainous areas. However, with newer locomotives and some needed track maintenance, line capacity could be improved considerably; the line handled much larger traffic volumes prior to 1990.

The border station of Gardabani in Georgia is about 12 km from the Azerbaijan border station at Beyuk Kesik. Georgian trains for Azerbaijan stop at Gardabani for about one hour for technical and customs inspections then proceeds to Beyuk Kesik with Georgian locomotives and crew. The loco and crew then return to Georgia with a westbound train to Gardabani. At Beyuk Kesik the Azerbaijan loco and crew take to train to Baku after Azerbaijan technical and customs inspection. While the inspections at each station are joint, with staff from both countries, the double inspection still takes place. At the present time between 600 and 700 wagons are moved over the border in each direction. It was noted during the visit to Gardabani station that one train of rail wagons for Kazakhstan and Turkmenistan using the rail wagon ferry from Baku, were not allowed to enter Azerbaijan territory until space on the ferry was confirmed. It could not be determined how often this takes place, but during our visit, a train of grain wagons had been sitting in the yard waiting for such permission since the previous day. Length of time of such delays were said to be 3 or 4 days, based on discussions with the chief customs inspector at Gardabani.

A block container train is now operated twice a week between Poti and Baku, carrying cargo between Europe and Central Asia, primarily Kazakhstan. Containers are owned by shipping lines and freight forwarders undertake a guarantee to the owners that the containers will be returned. Typical cargo moved on this container train includes ISAF cargo for Afghanistan as well as machinery, foodstuffs and other general cargo from Europe to Central Asia.

The following table shows important elements of the Georgian Railways cargo traffic flows during recent years.

Table 1: Georgian Railway Freight Traffic

Traffic Type	2011	2010	2009	2008	2007
Originating in Third Country: to Azerbaijan, Kazakhstan and Turkmenistan					
Containers (TEU)	4,490	6,932	4,034	2,860	2,061
Liquid Cargo (000 tons)	41.4	67.4	5.1	2.9	3.0
Dry Cargo (000 tons)	1,054.6	918.6	924.8	2,834.3	1,832.1
Terminating in Third Country: from Azerbaijan, Kazakhstan and Turkmenistan					
Containers (TEU)	3,967	1,808	1,772	2,356	2,023
Liquid Cargo (000 tons)	8489.3	9,506.0	8,258.6	8,647.0	10,086.4
Dry Cargo (000 tons)	337.6	122.1	74.4	92.6	77.2
Originating in Georgia destination Azerbaijan, Kazakhstan and Turkmenistan					
Containers (TEU)	-	-	-	-	-
Liquid Cargo (000 tons)	-	-	-	0.07	-
Dry Cargo (000 tons)	390.0	160.0	374.4	750.4	749.2
Destination in Georgia originating Azerbaijan, Kazakhstan and Turkmenistan					
Containers (TEU)	-	-	-	-	-
Liquid Cargo (000 tons)	442.0	514.2	571.4	577.9	512.4
Dry Cargo (000 tons)	153.9	144.9	129.3	265.7	244.8

Source: Ministry of Economy and Sustainable Development, Tbilisi

The following table shows that road transport is also important in moving transit cargo through the CTC as nearly twice the number of transit containers moved by rail are moved by road.

Table 2: Road Cargo Traffic Crossing Georgia/Azerbaijan Border

Traffic Type	2011	2010	2009	2008	2007
Originating in Georgia to Azerbaijan					
Containers (TEU)	60	45	67	76	55
Other	12.8	25.4	69.1	22.8	25.7
Terminating in Georgia from Azerbaijan					
Containers (TEU)	23	20	19	50	21
Other	39.6	51.5	30.9	35.9	40.6
Originating from Third Country to Azerbaijan					
Containers (TEU)	7,574	5,965	4,704	3,319	2,511
Other	1,112.0	900.2	809.8	702.4	537.6
Terminating in Third Country from Azerbaijan					
Containers (TEU)	436	330	362	184	138
Other	56.7	69.3	48.9	58.2	58.0

Source: Ministry of Economy and Sustainable Development, Tbilisi

A modernization project has begun on the Georgian Railways to improve its track structure in order to increase average speeds. Based on information shown in the company's web site⁴, this project focuses primarily on the east – west mainline from

⁴ www.railways.ge

Tbilisi to the Black Sea. As part of the project, the Company intends to modernise the railroad and electric supply infrastructure between Tbilisi and Batumi (315 kilometres), including the 40-kilometre mountainous gorge region in Central Georgia, with the aim of achieving passenger train speeds of 80 km/h on the gorge section and 120 km/h on the rest of the mainline, as compared to current average speeds of approximately 55 km/h in the gorge section and approximately 65-90 km/h on the rest of the mainline.

The railway engaged SYSTRA and SNCFI in 2010 to prepare a full-scale feasibility study and an initial design study for this project. Purchases of the necessary materials and equipment will be finalised in early 2012. The tendering process for the work on the gorge section has already been completed and work is expected to begin in spring or summer of 2012. New rails and electric supply infrastructure has already been installed on a 40 kilometre section of the line. In addition, the railway has to date achieved speeds of 120 km/h on a 100 kilometre section of the line, and it expects to be able to achieve that speed on a further 50 kilometre stretch by the end of 2011. The project is scheduled to be completed by 2013.

POTI PORT

APM Terminals is the Poti port operator and will invest more than \$100 million to construction new container and bulk cargo terminals at Poti port.⁵ These improvements are expected to increase Poti's capacity by some 50%. During 2011 Poti port handled 254,022 twenty-foot equivalent units (TEU), 6.2 million tons of general cargo and 0.9 million tons of liquid bulk cargo.

While there are some draft limitations in the entrance channel to the port, these are being alleviated by dredging and other measures that will soon allow larger ships to enter the port. The existing draft limitation is 10.5 meters and for container vessels, 8.4 meters. After the reconstruction of the container facilities is complete by the end of 2013, the draft limit will be increase and vessels of up to 34,000 DWT will be accepted.

At the present time, Poti is served primarily by feeder vessels linking Black Sea or Mediterranean. In the near future, liner services are expected to link Poti directly with Asia, Northern Europe and North America. This will improve the connectivity of Poti and of the attractiveness of the CTC to prospective users.

AZERBAIJAN RAILWAY

The main line of the Azerbaijan Railway extends 502 km from Baku in a westerly direction to the Georgian border. The line is double track for this entire distance with few major bridges, as the terrain is essentially flat. However, the condition of the track structure is in need of rehabilitation and the old 3 kV electrification system is in need of major upgrading.

In response to this need to upgrade and rehabilitate the railway, the World Bank has undertaken a US\$450 million Railway Trade and Transport Facilitation Project for Azerbaijan. The project will upgrade railway services in the country, including

⁵ [apm-terminals-to-inject-over-usd-100m-in-poti-port-by-2014-274906](#)

improvements to the competitiveness, financial sustainability, operating and cost efficiency, and capacity of Azerbaijan Railways. The project will focus on the line running between Baku and Georgia (the East-West corridor).

The project has several components. The Rehabilitation of the East-West Main Line will help rehabilitate the track, signaling and power supply along the East-West corridor. Some 240 km of mainline track, currently in a poor condition, are to be rehabilitated. The New Mainline Locomotives component will finance new mainline electric locomotives to operate on the East-West corridor and upgrade the electrification system from 3 kV to the more modern 25 kV system. The Modernization component will help to fully implement the International Financial Reporting System (IFRS), provide advisory services to Azerbaijani Railways in carrying out its modernization program, and provide the necessary equipment to Azerbaijani Railways to improve oil spill prevention and response capacity.

Due to deterioration in infrastructure and shortage of serviceable locomotives and wagons, cargo turnover measured in ton kilometers has been declining significantly on the Azerbaijan Railways during recent years. In 2005 the railway moved more than 36 million ton/km of cargo; by 2010 the ton km had declined to 8.5 million. However, transit cargo increased slightly during 2010 from about 6 million tons during 2009 to about 8 million in 2010.

Azerbaijan railways' predominant commodity is oil and oil products. During 2010 a total of 18.3 million tons were carried throughout the country. Of this total 11.9 million tons were oil and oil products; other commodities include building materials, grain, metals and cement. Most of this traffic was moved over the main line linking Baku with Georgia (at the border station of Beliok Kycik) but some traffic moves between Baku and the Russian border at Yalama and the Iranian border at Astara.

One reason recently cited⁶ as causing the decline in cargo transported through the country is insufficient development of the logistics sector. During 2010, Azerbaijan ranked 89 out of 155 countries by the Logistics Performance Index of the World Bank. Azerbaijan had the lowest index with respect to customs performance and logistics competence. However, Azerbaijan ranks relatively high with regard to international shipments (55th in the world) indicating a good potential for developing international transit services if supported by development of adequate infrastructure and transparency of customs and port charges.

CASPIAN SEA PORT AND FERRY SERVICES

One of the significant barriers to increased use of the Trans Caucasus corridor is the lack of frequent and reliable ferry services between Aktau and Baku. Vessels are operated by the Azerbaijani State Caspian Sea Shipping Company "Caspar". Caspar owns 11 rail wagon ferries; 7 of the "Dagestan" class built between 1984 and 1986 and can accommodate 28 rail wagons; in addition there are 4 newer ferries built between 2005 and 2011 and can carry 52 railway wagons. Oil tank wagons take first priority on these vessels with other cargo sometimes having to wait for ship capacity for several days at the port of Aktau.

⁶ *Azerbaijan Transport Sector 2011*, Case Center for Social and Economic Research, Warsaw; 2011

It is interesting to note that most oil moving across the Caspian Sea moves in conventional oil tankers and only a small percentage uses the ferries. For example, during 2010, a total of 6.5 million tons of oil and oil products from the oil terminal in Baku (oil arrived by tanker from Kazakhstan/Azerbaijan) and less than 0.5 million tons from ferry services.

Infrequent ferry service is one common complaint by many users of the Trans Caucasus route. Delays while waiting for ferries range from one to up to 5 days; also, ferry tariffs are said to change without warning, even after transport contracts have been concluded. The primary reason for delays to ferry sailings is said to be availability of traffic⁷. Those routes with relatively low traffic (Baku – Aktau) ferry service is every 3 or 4 days; on the Baku – Turkmenbashi route, on the other hand, service averages about every 2 days, as traffic on this route is greater. If competition were to be introduced, service levels would likely increase..

Weather also plays an important role in the erratic sailing of ferries. Rough weather in the Caspian Sea is not unusual and in 2002 a ferry sank in a storm with 51 passengers and 16 rail oil tankers.

During 2010 the port of Baku handled 5.764 million tons; oil and oil products composed 2 million tons, ferry traffic 2.932 million tons and dry cargo 0.833 million tons. In addition, a total of 16,521 TEU containers were handled through the port. Additional oil is moved to Azerbaijan through the several port facilities in Dubendi, located to the north of Baku city. The port of Sangacal, located some 50 km south of Baku, serves the Baku – Tbilisi – Ceyhan pipeline and handled a total of 4.8 million tons of oil during 2010. It is anticipated that the primary facilities of Baku port will be moved to Sangacal in the near future.

Port infrastructure in Baku is old and poorly maintained. Cranes are either out of service or of insufficient capacity (20 ton maximum lifting capacity for those operational). Based on a port study undertaken by Royal Haskoning of the Netherlands in 2009, rehabilitation of port cranes and increased lifting capacity to 40 tons was identified as a high priority needed improvement. In addition, there is need to dredge the entrance channel to Baku port in order to increase channel depth. However, there is no indication as to when these improvements will take place. In addition rail access to the port and ferry terminal is via rail lines crossing one of the busiest streets in downtown Baku, causing serious traffic congestion when wagons are moved to and from the port area. Clearly this emphasizes the government's decision to move the main port to Sangacal, some 60 km to the south.

The government of Azerbaijan has agreed to purchase two additional rail wagon ferries to be delivered by November 2012; after these are delivered another three vessels will be purchased. In addition, two Ro/Ro ferries will also be purchased for "Caspar". Sailing time to Turkmenbashi is about 18 hours and to Aktau 24 hours. Some of the limitations to ferry service are port facilities at Aktau and Turkmenbashi. In Aktau there is only one ferry pier and ferry facilities in Turkmenbashi are scheduled for rehabilitation as part of the port master plan.

⁷ However, there are many instances when significant volumes of traffic are waiting for ferry service. For example, at the Azerbaijan border station of Gardabani, an entire train waiting to move into Azerbaijan was being held due to insufficient capacity on Caspar ferries; these types of delays are not uncommon and can last for several days.

Based on discussions with users the port of Aktau is expensive and can be difficult to use as an efficient gateway to the Caspian Sea. Users must pay significant amounts of money up front as a deposit⁸, against which are deducted future costs. On the positive side, shipments through Aktau are easy to track, though forwarders must have a presence in the port and cannot rely on other organizations to do this tracking.

The port of Turkmenbashi is used for some Uzbekistan imports through the CTC. As with Aktau, the ferry services between Baku and Turkmenbashi utilize old vessels and service can be erratic. Port statistics for Turkmenbashi port for 2008 are shown in the following table. While this data is a bit old, it does show that Iran is nearly as equal in importance as a destination of Turkmenistan oil as Azerbaijan.

**Table 3: Turkmenbashi Port
Tonnages (2008)**

Traffic Type	Tonnages (millions)
Imports	1.38
• Azerbaijan	1.21
• Other	0.17
Exports	5.84
• Azerbaijan	2.74
• Iran	2.37
• Russia	0.71
• Other	0.02

Source: Turkmen Maritime and River Lines

BAKU PORT/CUSTOMS – ONE OF THE CRITICAL PROBLEM AREAS

One of the biggest complaints from users are the high customs charges and the lack of transparency in application of port and customs charges. For example, customs/port charges can be several hundred dollars for a shipment moving through the port of Baku. This problem is recognized by TRACECA and this organization is now engaged in policy discussions with representatives of the governments of Azerbaijan, Turkmenistan and Iran in order to reform the customs system and to improve the transparency of charging mechanisms.

This problem needs further investigation in order to determine the specific issues and to develop solutions. According to investigations by TRACECA into the matter, customs/port charges for containers entering the port and moving across the Caspian Sea on ferries, the charge should be \$32. However, if the shipment is to be moved to a feeder vessel, there are additional charges. Users have complained about “surprise” charges at the port; it is not fully known the exact circumstances surrounding these claims but they are common complaints and it needs further investigation.

⁸ Discussions with CTE Asia, a major user of the port for general cargo, these payments can be as much as \$400,000

However, as this is a critical problem area, specific recommendations are shown in this report to directly address this issue with the Azerbaijan government through a series more detailed investigations, dialogue with government officials, the preparation of a joint MOU between the Georgian and Azerbaijan governments supporting reforms in the CTC that would result in more efficient movement of cargo. In addition a joint working group is recommended that would help identify and direct the kind of changes needed to increase efficiency of the CTC.

NEW RAIL LINK WITH TURKEY

The new railway link (under construction) linking Kars in Turkey with Georgia has been noted during the course of many discussions with freight forwarders in Central Asia to be a definite advantage to the CTC. This new line is fraught with political intrigues as the existing line linking Georgia with Turkey passes through Armenia and has fallen into disuse as Azerbaijan objects to this line's existence as it passes through a disputed region of Armenia. The United States and other western interests have also objected to the construction of the new line, which avoids Armenia.

The project of a railroad between Azerbaijan and Turkey through Georgia was first discussed in July 1993, after the Kars–Gyumri–Tbilisi railway, which goes through Armenia, was closed. The new railway link is intended to provide an alternative route to the existing Kars–Gyumri–Tbilisi railway line, which has been out of use since 1993, when Turkey closed its border with Armenia to support Azerbaijan in its conflict with Armenia following the Nagorno-Karabakh War⁹. A multi-lateral accord to build the link was signed by the three countries in January 2005. Because of a lack of funding at that time, this project was abandoned. However, during the inauguration of the Baku–Tbilisi–Ceyhan pipeline on May 2005, the Presidents of Azerbaijan, of Georgia and of Turkey discussed again the possibility of building a railroad between their three countries and the new construction soon followed.

For the construction of the railroad on Georgian territory, Azerbaijan¹⁰ is providing a US\$220 million loan to Georgia, repayable in 25 years, with an annual interest rate of 1% with increases available up to \$775 million. A concessional loan agreement for this financing has already been signed between a Georgian state-owned company Marabda-Karsi Railroad LLC and Azerbaijan. As of September 2007, the State Oil Fund of Azerbaijan has allocated the first US\$50 million installment of this loan.

In February 2007 in Tbilisi, Azerbaijan, Georgia and Turkey signed a trilateral agreement to launch the construction of the railroad the same year. On November 21, 2007, the presidents of Azerbaijan - Ilham Aliyev, Georgia - Mikheil Sakashvili, and Turkey - Abdullah Gül inaugurated the construction of the railroad at a groundbreaking ceremony at the Marabda junction south of Tbilisi, and the first rails in Turkey began to be laid in July 2008 from Kars.

The new line will be In total 105 kilometers (65 mi) of new line will be built between Kars and Akhalkalaki, with 76 kilometers (47 mi) within Turkey and 29 kilometers (18

⁹ The European Union and the United States declined to assist in the financing or promoting of the new line because they saw it as designed to bypass Armenia, supporting instead the reopening of the Kars-Gyumri-Tbilisi railroad. Armenia used its strong lobbies in Washington like ARMENPAC or the Armenia National Committee in America to pressure the US Congress on the funding of the railroad.

¹⁰ From the State Oil Fund of Azerbaijan

mi) in Georgia. The existing railway line from Akhalkalaki to Marabda and on to Tbilisi and Baku will be upgraded. The total length will be 826 kilometers (513 mi) and it will be able to transport 1 million passengers and 6.5 million tons of freight at the first stage. This capacity will then reach 3 million passengers and over 15 million tons of freight. The new railway is being constructed to “standard” gauge of Turkey (1,435 mm) and the break – of – gauge station at Akhalkalaki for changing of bogies and for reloading of cargo with the “broad gauge” network of Georgia and Azerbaijan.

Traffic projected for this line includes oil transported from Kazakhstan and Azerbaijan to Europe as well as consumer goods from Turkey to Central Asia. These consumer goods now move by truck across Iran and Turkmenistan and the route is quite expensive, about \$10,000 per truck from Istanbul to Tashkent. With rail transport available from Turkey to Baku, transport costs should decrease considerably, reducing the delivered cost of goods to Central Asia.

However, this increase in traffic would put additional pressure on the ferry system on the Caspian Sea; this emphasizes the critical need to increase capacity. These issues are addressed directly in the Recommendations and Action Plan included in this report.

TECHNICAL, LEGAL, INFRASTRUCTURAL AND POLITICAL BOTTLENECKS

One of the problems with the CTC route (in fact, with many routes between Europe and Central Asia) is the problem of timely return of containers when made empty in Central Asia. As there is little backhaul traffic, and transit times are uncertain, these containers must return empty to their owners, and the loaded movement must bear the cost of this empty container return. For this reason, goods moving in ordinary rail wagons are preferred to containers. However, with the inauguration of the twice – weekly container train between Poti and Baku, transit times have decreased and some shipping lines have started to allow their containers to move to Central Asia through the CTC.

Users of the CTC note that the management efficiency and labor productivity of Georgian port operators and transporters is not strong and needs significant improvement. This emphasizes the need for professional training of freight forwarders and transport professionals in order to strengthen this sector for the future.

A particular advantage of the Trans Caucasus route identified by many forwarders is the suitability of this route for moving oversized loads as well as most construction materials (non – containerized).

TRANSPORT TARIFFS, CARGO FLOWS AND TRANSIT TIMES

Several examples of transit times for various routes were obtained from freight forwarders; not all of these times are comparable but some comparisons can be made in order to make comparative evaluations of the routes. Transit times between Poti and Tashkent via Russia are about 3 weeks for rail shipments (via Baku) and 2 weeks by road (direct Poti – Tashkent). Transport tariffs for a 40 foot container from Poti to Tashkent are about \$5,300.

Most of the traffic using the CTC is refined oil moving from Kazakhstan and Azerbaijan to Europe and machinery/spare parts as well as some high value alcohol and tobacco products moving from Europe to Central Asia. In addition, there are wheat and mineral exports from Kazakhstan with destinations in Europe.

Road transport times and monitoring of delays at international borders were calculated by the International Road Union¹¹ during 2008 – 2009 for several transport routes between Central Asia and Europe. These were regular commercial trips during which drivers kept log books and recorded actual time en route as well as delays at border crossings and other events. On the “central corridor” via the Trans Caucasus route the following transit times and distances were observed:

Table 4: Transit Times via CTC (road)

Route	Distance (km)	# Border Crossings	Transit Time (days)
Tashkent – Denizli	5,436	3	13
Almaty – Istanbul	6,060	4	18
Istanbul – Bishkek	5,669	4	15
Almaty - Samsun	5,382	4	16

Source: NELTI report of IRU; NEA Transport Institute

During these road trips via the CTC, it was noted that delays at ferry crossing points was at least 24 hours and in some cases the delay was 5 days. This evidence supports the point made by many transporters and forwarders that erratic ferry services is one primary reason why the CTC route has not been used more frequently in the past.

At the present time (2011) container transit flows through CTC are slightly larger by road than rail; 8,457 TEU's crossing the Georgia/Azerbaijan border by road and 8,010 TEU's by rail as shown in Tables 1 and 2.

¹¹ *New Eurasian Land Transport Initiative* (NELTI); NEA Transport Institute (Netherlands) / IRU

ANNEX 2: ANALYSIS OF COMPETING ROUTES

BALTIC STATES-RUSSIA-CENTRAL ASIA

Riga, along with other Baltic Sea ports, has long been the preferred routing for imports and exports between Central Asia and Europe. There are dedicated terminals and warehouses within these ports for each country (Uzbekistan, Kazakhstan, etc.) and the “system” is geared to process Central Asian cargo effectively. Supply of platform wagons for moving containers, a chronic problem on many routes, is less of a problem in the Baltic countries. The Russian Railways generally has a good supply of these wagons¹² and delays due to rolling stock shortages rarely occur when using Baltic ports.

TECHNICAL, LEGAL, INFRASTRUCTURAL, POLICY AND POLITICAL BOTTLENECKS

One of the most significant barriers to trade between Central Asia and Europe is the difficulty in crossing international borders. The route linking Central Asia with Europe via Russia has become easier with the creation on January 1, 2010 of the Customs Union consisting of Belarus, Russia and Kazakhstan. This has eased the difficulties of border crossings between Russia and Kazakhstan by saving an estimated 2 – 3 days for each truck crossing the Kazakh/Russian border.

However, the route through Russia has some disadvantages with regard to certain cargos. In particular, movements of alcohol and tobacco products through Russia require special permits which make this route unattractive for these commodities. This situation was found during discussions with a Kazakh freight forwarder¹³ where this forwarder arranged for movements of container loads of wine from France and Italy to Kazakhstan. This shipment, in containers, was made through the CTC with few administrative difficulties and the goods arrived safely in Kazakhstan.

One feature that makes the Baltic route attractive to Central Asia customers is the ease of “reselling” of high value imports to Central Asia in order to reduce the value for customs purposes. This is important as Central Asian countries typically have very high import duties, particularly Uzbekistan. According to users, this process is facilitated in Baltic ports which make it an attractive route for Central Asia.

TRANSPORT TARIFFS AND TRANSIT TIMES

The route from Kazakhstan through Russia and to Baltic ports is the most frequently – used route for Central Asia cargo to and from Europe. Transport charges for imports to Central Asia via this route vary by location within Europe by a typical route is Antwerp/Rotterdam to Riga with the sea freight charge of 1,000 euro/20 foot

¹² With the dissolution of the Soviet Union, railway rolling stock was distributed unevenly among the present – day CIS countries with Russian Railways keeping about 80% of the supply of platform wagons.

¹³ IFC Colos freight forwarders, Almaty

container and \$4,312 per TEU for the rail link Riga to Almaty. The rates of exports would be the same for the sea leg but \$1,100 cheaper for the rail link. Typical transit times are 30 days for the approximately 5,000 km Antwerp to Almaty.

One particular advantage of the Baltic route to Europe is the “short sea” leg between the Baltic ports and European ports (typically Rotterdam, Hamburg, Antwerp). It is comparatively cheap, especially when compared to the cost of the Caspian Sea ferries, and there is strong competition among shipping companies, assuring competitive prices. Transit time for rail shipments between Baltic ports and Central Asia is approximately 3 weeks by rail and 16 – 20 days by road.

Road transport times and monitoring of delays at international borders were calculated by the International Road Union¹⁴ during 2008 – 2009 for several transport routes between Central Asia and Europe. These were regular commercial trips during which drivers kept log books and recorded actual time en route as well as delays at border crossings and other events. On the “northern corridor” via Russia/Belarus the following transit times and distances were observed:

Table 5: Transit Times via Northern Route (road)

Route	Distance (km)	# Border Crossings	Transit Time (days)
Warsaw - Bishkek	5,910	4	10
Tashkent – Antwerp	6,257	6	16
Tashkent – Ulm	7,758	5	15
Almaty – Minsk	6,081	2	12

Source: NELTI report of IRU; NEA Transport Institute

DESCRIPTION OF CARGO FLOWS

The Baltic route is preferred for movement of most high – value imports to Central Asia. Movement of these commodities requires large financial deposits to obtain permits for movement of these products, as discussed previously in this section. Baltic routes are also used for the export of Uzbek cotton to most European destinations. Approximately 20% of Uzbek cotton exports are routed to Europe through Baltic ports.

It has been estimated by the Uzbekistan government¹⁵ that about 290,000 tons of that country’s exports move through Baltic countries, including an estimated 142,978 tons of cotton exports; Uzbek imports are an estimated 60,000 tons/year for a total of 350,000 tons. In addition, a total of 27,000 TEU were moved for Afghanistan through Baltic ports. Information obtained from Riga port a total of about 200,000 tons of cargo for Kazakhstan was moved during 2011.

In total the tonnage for Uzbekistan and Kazakhstan amounts to about 550,000 tons per year; this represents some of the traffic potentially divertible to the Caucasus Transport Corridor.

UKRAINE-RUSSIA-CENTRAL ASIA

¹⁴ *New Eurasian Land Transport Initiative* (NELTI); NEA Transport Institute (Netherlands) / IRU

¹⁵ Discussions with government officials representing the Ministry of Commerce, Tashkent

INFRASTRUCTURE

Typical routing of Central Asia traffic through Ukraine is via the port of Odessa then by road or rail to Central Asia. The port of Odessa suffers from similar problems as many other ports in the region. Many users have described an inefficient and time – consuming procedure of moving cargo through the port. Delays are long and costs are high. In addition, inland transport by road and rail is expensive between Odessa and Central Asia. Forwarders are finding it difficult to sell this route to customers.

TECHNICAL, LEGAL, INFRASTRUCTURAL, POLICY AND POLITICAL BOTTLENECKS

The most significant bottleneck on this route is the lack of railway flat wagons for moving containers and high road transport tariffs. In the past, many freight forwarders have been promoting the route through Odessa but during recent years, transport tariffs on this route have made it uneconomical for most shipments.

The port of Odessa has been identified as a bottleneck by the operators of the *Viking* container train between Klaipeda and Odessa. After containers arrive in Odessa by train, there are many steps that are needed to move these containers to the port area and for onward shipment by ship. Many private operators of small sections of the port cause this time to be excessive and expensive. The nearby port of Youzhny is being considered for movement of *Viking* containers between the rail and sea based transport modes.

TRANSPORT TARIFFS AND TRANSIT TIMES

Based on discussions with freight forwarders active on this route¹⁶, most products moving to Central Asia include coffee, tea, frozen meats and fertilizers. However, movement of these cargos by rail from Odessa has become more problematical as tariffs have risen dramatically and the supply of railway wagons has become a problem. As a result, most traffic moving via Odessa to Central Asia moves by truck. Rail rates, as examples, are \$6,500 for a 40' container from Odessa to Bishkek (27 – 29 days) and \$7,450 to Tashkent (25 days). Road transport tariffs range between \$7,500 and \$8,200 from Odessa to Bishkek/Tashkent. Transport time by road is 15 days Odessa to Bishkek and 18 days to Tashkent. With rail transit times of between 25 and 30 days, this route is more costly and longer than the Baltic routes.

DESCRIPTION OF CARGO FLOWS

Recently, some Uzbek cotton exports have been routed via Odessa (rail to Odessa from Uzbekistan; then via the Black Sea and Mediterranean Sea to destination). However, due to the high cost and long transit times, this route is not used heavily. There is, in theory, a rail route through Ukraine via Chop but in practice, little traffic between Central Asia and Europe utilizes this route.

IRAN-CENTRAL ASIA

INFRASTRUCTURE

¹⁶ Primarily Globalink

The primary route through Iran used by Central Asia traffic is from Uzbekistan through Turkmenistan territory to the border of Iran and south to the port of Bandar Abbas. Both rail and road transport are used over this route – rail transport has the additional complication of having to change gauge at the Iran/Turkmenistan border. During times of peak traffic, this gauge changing procedure can take time and cause delays. However, more significant delays occur in Turkmenistan due to severe shortages of locomotives and wagons. These delays have prompted many users of this route to choose the more expensive road transport instead of rail.

TECHNICAL, LEGAL, INFRASTRUCTURAL, POLICY AND POLITICAL BOTTLENECKS

The route via Iran (primarily using the port of Bandar Abbas) is becoming more difficult for users as international sanctions against Iran prohibit use of this route for many customers. There is a direct rail link between Uzbekistan/Tajikistan with Iran, passing through Turkmenistan, though at the Turkmen/Iran border, wheel sets on the wagons need to be changed as the railway gauge of Iran is of “standard gauge”, narrower than that of Central Asian railways¹⁷.

One of the recent damaging impacts of international sanctions against Iran is the decision of the European Union¹⁸ to disconnect selected Iranian banks from the Society for Worldwide Interbank Financial Transactions (SWIFT) in March 2012. This is unprecedented action taken by SWIFT and it is a direct result of international and multilateral action to intensify international sanctions against Iran. This step has made it increasingly difficult for foreign companies to make use of Iranian ports or to deal in Iranian products.

There is another route through Iran, the road route linking Turkey with Uzbekistan and Tajikistan through Azerbaijan. This is quite a lucrative route for Turkish trucking companies, bringing Turkish goods to Central Asia, returning with some cargo but generally, this is one – way traffic with most vehicles returning empty.

TRANSPORT TARIFFS AND TRANSIT TIMES

Transport times between Bandar Abbas and Tashkent (2,800 km) range from 1 – 3 weeks by rail, with the determining factor being the availability of locomotives in Turkmenistan and Iran. Typical transit times are closer to 3 weeks due to this problem. By road, which is preferred (about 70% of cargo moves by road to/from this port) transit times are about 14 days. Transport charges for a 40 foot container with imports to Uzbekistan range between \$5,000 and \$6,000.

For the route between Turkey and Uzbekistan, via Iran and Turkmenistan, the cost for a road truck of imports is about \$10,000 and for the backhaul of exports from Uzbekistan, about \$3,000. However, this traffic may be diverted, in part, to the new railway link between Turkey and Georgia expected to be completed in 2013. This new link would reduce the distance and, if the Caspian Sea ferries are operated efficiently, could be a viable route for this traffic. This would also reduce the dependence on the Iranian routes.

¹⁷ 1520 mm gauge is typical in Russia and Central Asian rail systems, while that of Iran is of 1435 mm.

¹⁸ <http://www.reuters.com/article/2012/03/15/us-nuclear-iran-idUSBRE82E15M20120315>

Road transport times and monitoring of delays at international borders were calculated by the International Road Union¹⁹ during 2008 – 2009 for several transport routes between Central Asia and Europe. These were regular commercial trips during which drivers kept log books and recorded actual time en route as well as delays at border crossings and other events. On the “southern corridor” via Turkmenistan and Iran the following transit times and distances were observed:

Table 6: Transit Times via Southern Corridor (road)

Route	Distance (km)	# Border Crossings	Transit Time (days)
Istanbul – Almaty	6,219	4	17
Istanbul – Osh	4,600	5	13
Tashkent – Sofia	4,545	4	12
Istanbul – Atrou	5,190	4	8

Source: NELTI report of IRU; NEA Transport Institute

Of the three routes included in the NELTI program of monitoring road transport between Central Asia and Europe, this southern route via Iran has the longest average delays at international borders. Truck operators reported spending 80 hours at borders, or about 3.5 days using this southern corridor.

DESCRIPTION OF CARGO FLOWS

Typical cargo using the route through Iran is exports of Uzbek cotton to Asian destinations, though alternative routings are being sought by forwarders due to the financial difficulties using Iran during the period of economic sanctions against that country. During 2011 total export cotton from Uzbekistan amounted to 714,894 tons with about 40% moved through Bandar Abbas, 40% through Dostyk/Alashankou with most of the remaining 20% through Russia and Baltic ports. This is in contrast to the situation during 2008 when 72% of Uzbek cotton was exported through Bandar Abbas²⁰. This indicates a reduction in the use of Iranian routes for Uzbek exports.

¹⁹ *New Eurasian Land Transport Initiative* (NELTI); NEA Transport Institute (Netherlands) / IRU

²⁰ *International Logistics Centres/Nodes Network for Central Asia Task A Report – Uzbekistan*; TRACECA, European Union, September 2009

ANNEX 3: BENCHMARKING

TRANSPORT COST AND TIME COMPARISONS

Based on existing rates and transit times, for much of the trade between Kazakhstan and Europe, the route via Russia and the Baltic states is the preferred alternative. However, for some European locations, particularly Romania, Bulgaria, parts of Italy, the CTC can be price and service competitive with alternative routes. Shipments via the CTC incur transit times of just over one month between Europe and Central Asia. This is very similar to transit times via Russia and the Baltic states (estimates of 33 – 36 days). However, with the uncertainty of ferry services between Aktau and Baku, this adds an element of uncertainty to transit times through the Trans Caucasus route.

While there several examples of transport costs and transit times for alternative routings obtained during the field investigations, many of these costs and transit times cannot always be compared directly as they represent corridors only and not costs for the same origin/destination. The best comparison is the information provided by Comprehensive Logistics Solutions in Almaty which compared the same origin and destinations via alternative routings; this information gives a good comparison of the alternative routings as well as confirming some of the preliminary conclusions drawn from other cost and transit time evidence. Transit times and transport cost comparisons for alternative routes from Kazakhstan to Hamburg by rail and are shown in the following table:

Table 7: Taraz – Hamburg via Alternative Routings

Route	Transport Cost/TEU	Transit Time
Via Riga	\$6,220	33 – 36 days
Via Ukraine	\$7,474	34 – 37 days
Via Poti	\$6,896	40 – 42 days

Source: Comprehensive Logistics Solutions, Almaty

The routing via Ukraine in the above table is the most expensive. Based on other evidence provided by another freight forwarder, the rail charges from Odessa to Tashkent are \$7,450 for a 20' container with transit time of 25 days. Comparing with the above table, this rate seems low, but the transit times are comparable, considering the table above shows costs and transit times from Hamburg.

The routing via CTC routing in the above table is only about 10% more expensive than via Riga, and longer by about 8 days. ***The implication of this comparison is that if transit times can be reduced by a week, and cost by 10%, the CTC route can be on par with that via Riga, for northern European destinations.*** However, this is admittedly an over – simplification as the real problems with the CTC are the need for “transparency” of port and customs charges at Baku port and the need for more capacity and reliable operating schedule of the Caspian Sea ferries.

A more detailed investigation into the transport costs by sections of each transport route was performed by TRACECA. This comparison is interesting as it shows transport costs and distances based on tariffs as of the first quarter 2011. For example, during discussions with forwarders, there are often “hidden” customs fees at Baku port amounting to several hundred dollars. The cost for Baku port charges provided by TRACECA for Baku port was \$32²¹, in accordance with the port tariff. However, this issue of port charges needs further detailed investigation before a resolution can be put forward.

Table 8: Distance/Cost by Section and Route (20' container)

Route	Distance (km)	Cost \$	Cost/km
Novorossiysk – Tashkent			
• Novorossisk – Ozinki	1,538	903	
• Ozinki – Sary Agach	2,147	804	
• Keles – Tashkent	<u>24</u>	<u>88</u>	
Total	3,709	1,795	0.48
Poti – Tashkent			
• Poti – Gardabani	360	234	
• Beyuk Kesik – Baku	503	402	
• Baku port		32	
• Ferry Baku – Aktau	469	630	
• Aktau port		350	
• Aktau – Sary Agach	2,564	832	
• Keles – Tashkent	<u>24</u>	<u>88</u>	
Total	3,920	2,568	0.66
Novorossiysk – Almaty			
• Novorossiysk – Ozinki	1,538	903	
• Ozinki – Almaty 2	<u>2,580</u>	<u>811</u>	
Total	4,388	1,714	0.39
Poti – Almaty			
• Poti – Gardabani	360	234	
• Beyuk Kesik – Baku	503	402	
• Baku port		32	
• Ferry Baku – Aktau	469	630	
• Aktau port		350	
• Aktau – Almaty 2	<u>2,078</u>	<u>889</u>	
Total	3,410	2,537	0.74
Novorossiysk – Bishkek			
• Novorossiysk – Ozinki	1,538	903	
• Ozinki – Lugovaya	2,415	822	
• Lugovoya – Bishkek	<u>152</u>	<u>295</u>	
Total	4,105	2,020	0.49
Poti – Bishkek			
• Poti – Gardabani	360	234	
• Beyuk Kesik – Baku	503	402	
• Baku port		32	
• Ferry Baku – Aktau	469	630	

²¹ As described in Annex 1 of this document, the \$32 applies to cargo moving through the port and onto Caspian Sea ferries; if the cargo moves on feeder vessels, the port charges are higher.

• Aktau port		350	
• Aktau – Lugovaya	2,832	847	
• Lugovaya – Bishkek	152	295	
Total	4,316	2,790	0.65

Source: TRACECA, Baku

COMPARISON OF INFRASTRUCTURAL CAPACITIES

The only real infrastructure constraint on the CTC is the railway ferry service on the Caspian Sea as the vessels are old and delays at ports waiting for ferries can be up to one week.

Comparing the alternative transport routes between Central Asia and Europe, the critical issue is not capacity of infrastructure but availability of railway flat wagons for container transport. After the dissolution of the Soviet Union, railway rolling stock was allocated among the new railway systems of Central Asia and the Caucasus – the Russian Railways benefited the greatest from this allocation as they kept about 80% of the flat wagons; railway wagon supply via the Baltic states/Russia therefore has relatively minor problems with wagon supply compared with the other routes.

COMPARISON OF CARGO FLOWS

According to TRACECA data, the following are tonnages carried along the TRACECA route between Central Asia and Europe (via the Trans Caucasus route). It should be noted that these figures do not include Turkmenistan. It should be noted that these figures differ slightly from statistics obtained from the Ministry of Economy and Sustainable Development of Georgia, as shown previously in Tables 1 and 2. However, the general magnitude of the transit trade through the CTC is very similar from these two sources.

Table 9: Transit Cargo through CTC (2011)

Mode	Tons (millions)	Containers (TEU)
Rail	7.7	8,400
Road	1.2	8,000

Source: Intergovernmental commission TRACECA, Tbilisi; October 2011

Cotton exports from Uzbekistan used the following routes during 2011: 41% of exports through Bandar Abbas; 40% through Alashankou and the remainder through Riga or other gateways, primarily to Russia. Total cotton exports during 2011 were 714,894 tons²².

Imports to Uzbekistan from the Far East are moved generally via the following routes:

- 50% via Trans – Siberian Railway;

²² Statistics obtained from KN Ibrakom, Tashkent

- 40% through China and the Alashankou border with Kazakhstan,
- 10% through Bandar Abbas.

Recently there have been serious congestion problems on the railways within China as well as at the Alashankou/Dostyk rail border with Kazakhstan. In fact, during 2010, during a 6 month period, no rail traffic was able to cross the China/Kazakh border. The response of the freight forwarders and shipping lines is to begin trial shipments of Far East cargo to Central Asia via Poti by ship then the CTC route to Baku and the Caspian Sea ferries to Central Asia. The following section describes this proposed route in greater detail.

Identify cargo types possibly diverted from competing routes

Far East Imports One of the brightest potential traffic groups is the routing of imports from the Far East to Central Asia. At the present time, most of these high – value electronics components, consumer goods and machinery move by rail through China, through the congested gateway of Alashankou/Dostyk on the China/Kazakhstan border. Based on discussions with MSC²³ in Tashkent, there is a growing need to develop an alternative route for high – value container traffic from the Far East to Central Asia. Increasing congestion on the Chinese rail network, and the border crossing station of Alashankou with insufficient transshipment equipment, has combined to cause serious delays in cargo movements, particularly between China and Central Asia. Recently, cargo was stopped completely for nearly a six month period. Some forwarders and shipping lines are now working on an alternative route by sea from the Far East to Istanbul, transshipping goods to smaller feeder vessels to call at Poti where this cargo will be offloaded and moved to Central Asia through the CTC. This new movement is now being discussed by the top management of forwarders and shipping lines (MSC) and trial shipments should begin soon. Preliminary estimates are for 200 TEU's/month to move over this new route.

Some of the potential traffic for the CTC corridor includes a significant amount of computers and various electronic spare parts moving from China to destinations in Europe. This traffic is not now moving through Central Asia and a recent high – level delegation of Chinese business people recently made a visit to the port of Aktau to assess the capacity of loading/unloading of containers to and from Caspian Sea ferries. While details of the extent of this future tonnage are not known with precision, it has been estimated²⁴ that volumes could exceed 1 million tons, all containerized. This is the first strong example of potential traffic flows between China and Europe moving over the CTC and underlines the importance of resolving the critical issues at Baku port and the Caspian Sea ferries.

Mineral Traffic from Northern Kazakhstan. Another source of potential cargo for the CTC is the output of mineral deposits in northern Kazakhstan. At the present time about 12 million tons of iron ore is shipped from Northern Kazakhstan to China; after processing the iron and steel products are shipped, primarily by rail, to various destination including Europe. Precise destinations for this potential new traffic are

²³ Mediterranean Shipping Company

²⁴ Based on discussions with Berik Bulekbaev, Vice Director of Economtransconsulting Ltd; Almaty

not yet determined. The rail linkages between Aktau and the mining regions of northern Kazakhstan at the present time are circuitous; the route will become more direct when several “short cut” rail links are constructed. These include: Beineu-Shalkar; Cakcaulckaya – Zhezkazgan and Arkalyik – Shubarkol. In total these short cuts represent new railway construction of more than 1,200 km. This and possibly other minerals traffic from northern Kazakhstan would be shipped through the new Caspian Sea port of Kurik, recently developed just south of the existing port of Aktau.

Kazakhstan’s oil production is moved to the west over two major routes: (i) 6 million tons annually to Novorossiysk and (ii) 4 million tons through the port of Aktau.

Diversion of Cargo from Baltic Ports At the present time, the route most used for Uzbek and Kazakh traffic to and from Europe is the rail and road route through Russia and the Baltic ports. Estimates of Baltic port cargo for the benefit of Central Asia are about 350,000 tons of cargo for Uzbekistan, 200,000 tons for Kazakhstan and smaller amounts for Kyrgyzstan and Tajikistan. In addition, about 27,000 TEU’s of ISAF cargo for Afghanistan was handled at Baltic ports. If the tariff and transit times on CTC can be made more efficient, to at least equal those of the Baltic routes, a significant portion of this Baltic port traffic could be diverted to CTC.

ANNEX 4: PRESENTATION AT UNECE CONFERENCE



Objectives:

- Evaluate existing transport corridors between Central Asia and Europe
- Identify investments/other improvements resulting in the increased competitiveness of the Caucasus Transit Corridor (CTC)
- Make Georgian businesses more competitive in transport and logistics services

Existing Transit Routes *Central Asia - Europe*

- Northern Corridors: via Russia/Baltic States and Russia/Ukraine
- Central Corridor: Caucasus Transit Corridor
- Southern Corridors: Turkmenistan/Iran ports; Turkmenistan/Iran/Turkey

Here is what we set out to do:

- **Talk** to stakeholders (forwarders/transporters/governments) to determine which corridors are now used and why
- **Evaluate** pros/cons of each corridor, including costs and transit times
- **Determine**, jointly with stakeholders, what needs to be done to make the CTC more attractive to users?

Existing Transit Routes *Central Asia - Europe*

- Northern Corridors: via Russia/Baltic States and Russia/Ukraine
- Central Corridor: Caucasus Transit Corridor
- Southern Corridors: Turkmenistan/Iran ports; Turkmenistan/Iran/Turkey



“Northern Corridor”

- Baltic ports have been traditional Central Asian transit routes – separate warehousing, good rail wagon availability low cost sea freight to Western Europe
- Longer, but often the lowest cost option to Europe (fewer border crossings)
- Ukraine routes more expensive

“Central Corridor” via Caucasus

- Shortest distance
- Promotion by TRACECA supported by many studies,
- Main problems are Caspian Sea port delays/costs and operation of ferry services
- Poti port has some limitations, shallow draft limits vessel size, though improvements are under way
- Used primarily for oil shipments from Kazakhstan and Azerbaijan, though general cargo movements are increasing

“Southern Corridor”

- Bandar Abbas port favored by Uzbekistan for cotton exports but less so than in prior years (decrease from 72% to 40%)
- Infrastructure problems include railway locomotive and rolling stock shortages in Turkmenistan (long delays waiting for locomotives)
- Financial difficulties in using Iranian routes for goods to/from western nations due to sanctions
- Truck route Turkey – Iran – Turkmenistan – Uzbekistan used for many imports to Uzbekistan

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How does the Caucasus Transit Corridor Compare?

- Typical transit times are about one week longer than via the Baltic route;
- Costs are about 10% higher
- But...transit times and costs are subject to greater uncertainty
- Baltic route has well – developed block container trains to Central Asia and dedicated warehouses in Baltic ports

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Existing Central Asian Transit Traffic on CTC

- 7.7 million tons transit by rail
- 1.2 million tons transit by road
- 94% is fuel
- 8,400 TEU's by rail
- 8,000 TEU's by road
- General cargo transit traffic is growing (block container train Poti – Baku)
- Need to improve the route and actively promote it to increase and diversify traffic base

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Rates/Transit Time: Taraz to Hamburg

	Transport Cost/TEU	Transit Time
Via Riga	\$6,220	33-36 days
Via Ukraine	\$7,471	34-37 days
Via Poti	\$6,896	40-42 days

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Potential New Traffic from Baltic ports Divertible to CTC

- Uzbek traffic about 350,000 tons/year now moving through “northern corridor”
- About 200,000 tons of Kazakhstan cargo
- 27,000 TEU for Afghanistan
- Other general cargo for Kyrgyzstan and Tajikistan

Strong Interest in Caucasus Transit Route

- Serious congestion in Chinese rail network and at the Kazakhstan border of *Dostyk/Alashankou*
- Alternative route from China via sea to Istanbul/Poti then via CTC to Central Asia
- Development of a Logistics Hub at Poti would strengthen Georgia’s position by attracting Far East traffic

Strong Interest in Caucasus Transit Route

- Some cargos from Europe to Central Asia particularly well suited for Trans Caucasus (alcohol/tobacco)
- Block container train improves CTC route performance
- Uzbek cotton can be routed by CTC subject to availability of adequate storage at Poti port (government expressed strong interest)
- Construction of the new rail link to Turkey from Georgia is seen as a positive development, increasing the attractiveness of the CTC

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What needs to be done?

- Reduce costs by 10% and transit time by 1 week
- Reduce prices of Caspian Sea ferry costs \$1.34/TEU km; Baltic Sea ferries are \$0.61/TEU km
- Increase ferry capacity on Caspian Sea (cargo held in Georgian territory waiting for ferry “slot”)
- Upgrading Georgian Railways infrastructure and locomotives

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What needs to be done?

- Improve storage capability at Poti port for specialized cargos (cotton)
- More transparency in Baku port/customs charges

Create Strong Corridor Working Group

- Increase dialogue through establishing “Caucasus Transit Corridor Users Group”
- Aggressive promotion of CTC as a single corridor with a single responsible agency
- Requires support from highest level of Georgian and Azerbaijan governments

ANNEX 5: LIST OF PERSONS MET

Date	Location	Person met	Organization
20 May	Almaty	Alena Davidova, Head of Representative Office	Yusen Logistics/TRANCO
20 May	Almaty	Ainash Tatvayeva, Assistant to Chief Marketing Officer	
21 May	Almaty	Murat Bekmagambetov, Director	Research Institute for Transport and Communications
21 May	Almaty	Elena Pissanaya, Senior Staff Scientist	“ “
21 May	Almaty	Natalie Luzhnykh, Projects Director	IFC COLOS (Kazakh freight forwarder)
21 May	Almaty	Adiya Dzhanaeva, Logistics Manager	“ “
21 May	Almaty	Ilya Segal, Executive Director	Kazakhstan Freight Forwarders Association
21 May	Almaty	Berik Bulekbaev, Vice Director	Economtransconsulting Ltd.
21 May	Almaty	Altynay Karibzhanova, Chief Development Manager	“ “
22 May	Almaty	Batir Khayitbaev, Director	MSC Central Asia
22 May	Almaty	Ardash Baizhigitova, Sales Manager	“ “
22 May	Almaty	Alexander Maisuradze,	CTE Asia

Date	Location	Person met	Organization
		Partner	
24 May	Tashkent	Ender Atat, Business Development Manager	Kuhn Nagle Ibrakom
24 May	Tashkent	Abdulla Khashimov	Ministry of Foreign Economic Relations
25 May	Tashkent	Kalid Farooq, General Manager	Global Link Logistics
25 May	Tashkent	Roman Degtyarev, PRO Manager	“ “
25 May	Tashkent	Amir Zakirov, General Manager	MSC Tashkent
25 May	Tashkent	Nelly Djurabaeva, Traffic Manager	M & M Transport Logistics Services
25 May	Tashkent	Khurshid Kasimdzhanov, Managing Director	“ “
25 May	Tashkent	Khakimov Jamshid, Commercial Director	“Azia Trans Terminal” LLC
28 May	Tashkent	Abduvakhid Aliev, Deputy Director	Cabinet of Ministers; National Coordinating Unit of the European Union
29 May	Tashkent	Kakhramon Sydiknazarov, Chairman	Association of International Road Carriers of Uzbekistan
29 May	Tashkent	Buranov Olimjon, National Secretary	TRACECA, Uzbekistan
29 May	Tashkent	Jens Rasmussen, Senior Project Officer	Organization for Security and Co- operation in Europe
29 May	Tashkent	Murod Khusanov, National Project Officer	“ “
30 May	Tashkent	Elbek Rikhsiyev, Senior Country Officer	World Bank
30 May	Tashkent	Rinet Iskhakov,	“ “

Date	Location	Person met	Organization
		Operations Officer	
5 June	Tbilisi	Ketevan Takaishvili, Advisor to the Head of Transport Policy Department	Ministry of Economy and Sustainable Development
5 June	Tbilisi	Pedro Rodriguez, Lead Economist	World Bank
5 June	Tbilisi	Joseph Melitauri, Senior Operations Officer	“ “
5 June	Tbilisi	Ia Meskhi, Senior Move Manager	Globalink
5 June	Tbilisi	Gvantsa Berozashvili, Air Freight manager	“ “
6 June	Baku	Mir Junaid Ahmed, General Manager	Globalink
7 June	Baku	Eduard Biriucov, Secretary General	TRACECA
7 June	Baku	Anar Ismail, Land Transport Expert	“ “
7 June	Baku	Nazim Mameov, Expert in Maritime Operations	“ “
8 June	Baku	Detlef Pulsak, Financial and PPP Key Expert; country coordinator Azerbaijan, Central Asia	TRACECA IDEA project
11 June	Tbilisi	Irakli Kardaria, IT Specialist	WP Moller Terminals, Poti port
11 June	Tbilisi	Chief Customs Officer, Gardabani station	Georgia Customs
12 June	Tbilisi	Gia Danelia, General Director	Caucastransexpress
12 June	Tbilisi	Nikoloz Zardiashvili, Expert	Association of Freight Forwarders of Georgia
13 June	Tbilisi	Mario Apostolov,	United Nations

Date	Location	Person met	Organization
		Regional Advisor	Economic Commission for Europe
13 June	Tbilisi	Alexi Basrashvili, Chief Financial Officer	Georgian Railways
14 June	Tbilisi	Artem Khachaturian, Director General	Plaske, Odessa
14 June	Tbilisi	Adem Yazici, EU Expert	Ministry of Customs and Trade
14 June	Tbilisi	Prof Dr. George Dobarjginidze, Chairman	Georgian Logistics Association
14 June	Tbilisi	Valdas Dovydenas, Consultant	Transport and Trade Security and Facilitation Advisory Team, United States Embassy, Kiev
14 June	Tbilisi	Tatyana Makerycheva, Project Manager	Ukrainian National Committee of International Chamber of Commerce
14 June	Tbilisi	Mario Apostolov, Regional Advisor	United Nations Economic Commission for Europe
14 June	Tbilisi	Jan Forest, Customs and International Trade Attorney/Consultant	J Forest Consulting, Washington DC

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