

**Twelfth Meeting of the  
Intergovernmental Commission TRACECA  
Odessa, Ukraine**

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**Speech of Mr. Akif Mustafayev – member of the  
Government Commission for development of the transport corridor TRACECA,  
TRACECA National Secretary in Azerbaijan**

**Dear Mister Chairman!  
Dear ladies and gentlemen!  
Dear participants of the Twelfth Meeting!**

First of all, on behalf of the Government of Azerbaijan let me welcome all of you, dear participants of the Twelfth Meeting of the Intergovernmental Commission TRACECA. I wish all of you successful and fruitful work. Taking this opportunity I would like to express my gratitude to the organizers for the invitation and the given opportunity to make a speech and to provide the information on the activities of the Azerbaijani Party in taking measures aimed at development of the transport corridor Europe-the Caucasus-Asia (TRACECA) and implementation of the Action Plan on the implementation of the IGC TRACECA Strategy.

It should be noted that for the past 23 years from the time of establishment of the TRACECA Programme in 1993, in Brussels, and 18 years from the date of signing by the Heads of States of the Basic Multilateral Agreement (MLA) in Baku, owing to the efforts of the TRACECA member states and the technical assistance of the European Commission the main objectives of the Programme were achieved. Thus, multimillion investments in the TRACECA region were attracted and effective multifunctional transport system was created. The Parties which signed in September 1998, in Baku at the Summit of Heads of States the Basic Multilateral Agreement on international transport for development of the Europe-the Caucasus-Asia corridor assumed specific responsibility for improvement and development of freight and passengers movement along the TRACECA transport corridor, its enhancement and increase of attractiveness for the purpose of strengthening regional cooperation and integration processes.

The Azerbaijan Party is successfully carrying out measures on the realization of the Programme for development of transport sector of Azerbaijan which fully corresponds to the Action Plan for the implementation of the Strategy as well as resolutions, decisions and recommendations of the IGC TRACECA.

Large infrastructure projects, implemented on the basis of the Programme for development of transport infrastructure became the guarantee of restoration of the

Historic Silk Road. Important work was undertaken aiming at rehabilitation and construction of railway and road highways, bridges and port installations, renewal and purchase of the railway rolling stock, sea crafts and aircrafts.

For the last 5 years more than (USD) 15,0 billion \$ was invested in the transport sector of Azerbaijan which 3 times increases the figure of the previous 5-year period.

Special attention was devoted to the rehabilitation and construction of the road highway Baku – border with Georgia with the length of 503,0 km, which was fulfilled in accordance with the highest European standards with the aim of developing transit traffic along the TRACECA corridor.

Within the framework of the Programme for development of the transport sector of the Republic of Azerbaijan the CJSC “*Azerbaijan Railways*” is completing the activities on enhancement and upgrade of the railway main line Baku – Georgian border, purchases new electric locomotives and thousands of railway wagons for transporting goods and passengers along the directions East-West and North-South.

The rehabilitation of the railway is directed to acceleration of trains’ speed which allows creating necessary conditions for increasing the volumes of transit traffic of passengers and freight, their timely delivery and traffic safety.

Strategically significant regional infrastructure projects play an important role in the development of the Europe-the Caucasus-Asia transport corridor. The Azerbaijan Party attaches special importance to the development of TRACECA potential in the field of construction and rehabilitation of railway infrastructure of the area Baku-Tbilisi-Kars which will connect by railway the regions of Middle and Central Asia via Azerbaijan, Georgia and Turkey with Europe.

Railway trains from China and Kazakhstan having passed Middle Asia, the Caspian region, Baku and Tbilisi, will be able to reach Istanbul and further via the tunnel under the Bosphorus – bound to Europe. The implementation of this project will make it possible to decrease by 600 km transport communication between Asia and Europe which will increase the efficiency of transit traffic along the TRACECA corridor and enhance its attractiveness.

Owing to the efforts and constructive activities of Azerbaijan, Georgia and Turkey the construction of the railway line Baku-Tbilisi-Kars will be completed by the end of 2016.

At the same time these countries together with Kazakhstan and Turkmenistan take specific measures regarding the development of the Trans-Caspian transport route.

Thus, some container trains have already been sent from China in the direction of Kazakhstan-the Caspian Sea-Azerbaijan-Georgia.

At the beginning of the current year Ukraine sent two container trains along the International Trans-Caspian transport route to China. One of these trains passed across the Black Sea to the Georgian port of Poti, afterwards by railway – to Baku, then from the port of Alyat by the Caspian Sea to the Kazakhstan port of Aktau, another container train – to Turkmenistan port of Turkmenbashi and afterwards – to China. After testing the route Ukraine and Lithuania signed the Memorandum on Joining of the Viking container train the Trans-Caspian international transport corridor.

Signing of the Memorandum with Lithuania on combining the Project on Trans-Caspian route with the “Viking” Project means that the Silk Route will prospectively include the countries of the European Union, Lithuania, Poland, Germany and others.

At the same time CJSC “Azerbaijan Railways” joined the Project of a container train “Viking” (Viking train). The issues related to the implementation of this Project were discussed by participating companies during the meeting held on 12-13 May of the current year, in Baku. Besides, on the outcomes of the meeting the parties achieved the agreement on preparation of the plan of activities to increase freight traffic by container train “Viking” and made a decision on application of railway tariffs at a competitive level.

The representatives of the railways of Azerbaijan, Lithuania, Ukraine, Moldova and Georgia, railway carriers of Bulgaria and Romania, as well as operating companies discussed the issues of operation of container trains along the Trans-Caspian route, as well as tariffs for export-import operations and additional services. They achieved the agreement on working out of the plan of activities to increase freight traffic by container train “Viking” and made a decision on application of tariffs at a competitive level.

The focus is on the development of shipping along the maritime routes of the Caspian basin. Within the lines of Baku-Aktau-Baku and Baku-Turkmenbashi-Baku ferry and tanker traffic is envisaged. The Azerbaijan Party systematically purchases new ferries, tankers and other ships thereby increasing its transport fleet.

For the last 5 years only there were purchased six new tankers and seven ferries. For these purposes there were allocated own funds of the Shipping company and the financial means from the state budget.

Presently the Caspian Shipping Company (CASPAR) owns 82 ships with the total deadweight of 488073 tons, including 43 tankers, 39 dry cargo ships, 13 railway ferries, 4 ships Ro-Ro type, which operate in the water area of the Caspian Sea along the transport corridor TRACECA.

The opening of the ferry terminal within the framework of the first stage of a new Baku International Sea Trade Port in Alyat settlement near Baku considerably expanded opportunities of the ferry traffic in the direction of Baku-Aktau-Baku and Baku-Turkmenbashi-Baku.

Within the next stage there will be completed the construction of a universal terminal for dry cargo and containers, four piers and Ro-Ro ships.

These works are planned to be completed till the end of the current year. Upon completion of the envisaged works the Baku International Sea Trade Port will be able to accept and to tranship up to 10 million tons of goods and up to 50 thousand containers annually.

Within the second stage of the project it is envisaged to construct three more cargo piers, within the third stage – two more cargo piers. The transshipment capacity of the port will achieve 17 million tons of goods and 150 thousand containers, upon completion of the third stage – 25 million tons of goods and one million containers.

As a result of the Port operations the development in Azerbaijan will gain momentum, more investments will be made in the economy. Azerbaijan as a transit country will expand its opportunities. Owing to functioning of this Port cooperation on the Caspian Sea will simultaneously consolidate. First of all, transport infrastructure in the central sector of the TRACECA corridor will strengthen.

The importance of the Sea Port will many times increase in view of set-up of an international logistic centre and a free economic zone (FEZ) in this territory. Alyaty will become a big transport hub, the starting point for railway, maritime and road freight traffic in the directions of East-West and North-South.

It should be noted that the use of air traffic potential has considerably improved. A new passenger terminal was constructed and commissioned. This air terminal is one of the most advanced and best in the Eurasian area. There was also constructed an international logistic centre for air traffic which favours the development of transit traffic.

It is also noteworthy that traffic along the TRACECA corridor is performed within the traditional route **Kazakhstan-Azerbaijan-Georgia-the Black Sea-Europe**. According to official statistics shipping of cargo within the Azerbaijan segment of the TRACECA corridor made for the last 20 years on average 35 million tons annually taking into account bilateral traffic in the directions of Baku-Georgia, Baku-Iran and backwards.

But for the period of 2014-2015 the traffic in total decreased by 10 %, transit traffic reduced by 30%, which was connected with objective factors (economic crisis in the world, reduction in trade turnover between the countries).

The development of transport infrastructure of Azerbaijan and other countries of the region will lead to an increase of transit traffic. If the TRACECA countries cover at least 3-4% of the potential of freight traffic from China to Turkey and European countries (which equals 20,0 million TEU), this will make around 600 thousand units of containers a year. As a rule, China transports its goods to Europe across the sea and the ocean. Shipping takes approximately 40-45 days. Moreover there can happen storms on the sea, pirates' attacks, other problems. One positive factor is that a multitude of containers can be transported at cheaper tariffs. In the near future owing to the launch of the railway communication Baku-Tbilisi-Kars there arises the possibility of delivering goods in containers from China to Turkey and Europe along the Europe-the Caucasus-Asia corridor in 12 days.

Upon completion of the works within the international transport corridor “North-South” and connection of the railways of Azerbaijan and Iran the expected transit of goods in the direction of the Northern Europe-Asia through the territory of Azerbaijan will also considerably increase.

By virtue of the Decree of the President of Azerbaijan of 21 October 2015 in Azerbaijan there was established the Coordinating Board for Transit Traffic which is very important for accelerating the activity on tariffs optimization, simplification of border-customs procedures and increase of transit traffic volumes. In accordance with the Decree there should be applied the “Single Window” concept in carrying transit cargo through the territory of Azerbaijan by road transport, railways, maritime transport, sea ports and sea terminals. The Coordinating Board for Transit Traffic made a decision on reducing tariffs for transit freight traffic by high-tonnage TIR vehicles to the ports of Aktau and Turkmenbashi approximately by 40%.

Two weeks ago, in Tbilisi, there was signed the Protocol on accession of Ukraine to the Trans-Caspian international transport route of the TRACECA corridor. Heads of railway administrations of Kazakhstan, Azerbaijan, Georgia and Ukraine agreed on the increase of freight traffic volumes within this route. The meeting achieved agreement on cutting down the complex rate for carrying of 40-foot container from Izov (check point on the border with Poland) to the border of Kazakhstan with CPR (Dostyk) from **\$5559** to **\$3980**.

According to official statistics of the Azerbaijan State Statistics Committee from the beginning of the current year there was observed the growth of transit traffic volumes through the territory of Azerbaijan. Out of the total volume of freight traffic along the Europe-the Caucasus-Asia corridor (TRACECA) transit traffic made **1 million 172 thousand tons** or 15% of the total volume of freight traffic. Compared with the analogous period of 2015 loaded TIR vehicles traffic through Azerbaijan to a great extent increased. Thus, in January-March 2016 Turkey sent more than **TIR 2250** trucks in transit through Azerbaijan to Central Asia which 6 times exceeds the figures for the similar period last year.

By virtue of its geographic location Baku has huge potential for transformation into transport and logistical centre connecting North with South and East with West.

Today the transport corridor Europe-the Caucasus-Asia (TRACECA) is extremely important for development of the transit potential of the states of the South Caucasus, Central Asia and Eastern Europe. For the last years more than four-fifths of the total transit transshipment of hydrocarbon raw materials and various goods from the countries of the Caspian region in the direction of the Old World are transported along this corridor.

Transport corridor TRACECA is also a humanitarian bridge between Europe and Asia. Successful delivery of humanitarian goods along the TRACECA corridor was

made more than once. Carriage of various goods to Afghanistan and from Afghanistan is performed at present as well. For the last years Azerbaijan and China established constructive bilateral relations. China put forward an initiative of combined projects for creation of the “Silk Road Economic Belt” and the “Maritime Silk Road of the XXI century”.

The TRACECA corridor being the shortest route from the Western China to Europe has every perspective to attract a great volume of freight traffic from this region.

The TRACECA countries are situated beneficially occupying an important space between East and West and on the whole they are rich in natural resources, primarily hydrocarbons. The relevance of it is increasing due to the world economic crisis which resulted in the reduction of trade flows. At the same time it should be noted that for development of the TRACECA transit potential there are considerable resources.

The analysis shows that the TRACECA corridor has huge potentials for increasing transit traffic and, in particular, for transportation of containerized goods. The conclusion is that in order to fully utilize the TRACECA potential the MLA member states should incessantly carry out measures aimed at further improvement of goods and passengers movement along the TRACECA corridor, upgrade of transport infrastructure, simplification of border-crossing procedures, development of transit and multimodal traffic.

The interested countries along the Silk Road should strengthen customs cooperation in the field of information exchange, mutual acknowledgement of the results of customs control and mutual aid in the sphere of law enforcement authorities, as well as bilateral and multilateral cooperation in the field of inspection and quarantine, certification and accreditation, etc.; upgrade customs infrastructure at border check points, reduce costs and increase the capacity; increase safety of delivery chains and simplify the process, stimulate coordination of trans-boundary supervision and on-line check of quarantine certificates.

The European Commission should certainly increase its attention towards TRACECA and provide necessary assistance and support both to TRACECA countries and National Secretariats of the IGC TRACECA representing these countries.

I would like to emphasize that the realization of the Final Resolutions which will be approved on the outcomes of the today's IGC TRACECA conference should promote relevant reforms in the Parties to the TRACECA MLA and contribute to the development of the South-East-West axis for the enlargement of the Trans-European Transport

Network by means of further development of the international transport corridor Europe-the Caucasus-Asia (TRACECA).

In conclusion I would like to wish fruitful work to the XII Annual Meeting of the IGC TRACECA and successful results on its outcomes.

**Thank you for attention**