

THE INFLUENCE OF TRANSCONTINENTAL RAILROADS ON THE GEOPOLITICAL AND ECONOMIC SITUATION OF AZERBAIJAN

Orujov P.Sh.

Baku State University

Baku, Azerbaijan, Z.Khalilov str., 23, AZ114: porucov@bsu.edu.az

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Summary. The article examines economic-geographical study of the railway infrastructure of Azerbaijan Republic and the efficiency of transit potential of the country in the Europe-Asia region. Also, the paper discusses the importance of transport and international transportation in the context of the globalization of the world economy and their impact on Azerbaijan's international economic relations. Transcontinental railroads play significant role in the growth of both the country and its regions, in the international economic and political integration of countries. In the process of integration in world economy, Azerbaijan sets tasks for expanding their transport complex, also, for joining to global transport corridors. The target is to estimate the potential of the international railroad corridors, to substantiate its socio-economic benefits for our country. Azerbaijan plans to improve transport and railway infrastructure along the Great Silk Road and to expand trade links with Europe and Asia. We researched transcontinental railroad corridors demonstrating economic, political and cultural significance to ensure sustainable socio-economic development of Azerbaijan during the integration into the world economy. The role of the large transport corridors in Eurasia like Baku-Tbilisi-Kars, TRACECA, North-South and their impact for the economic integration of Europe and Asia was investigated. Additionally, the influence of the Baku-Tbilisi-Kars railway and the North-South international transport corridor on integration of Azerbaijan to global economy was studied.

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The relevance of research. The main economic priorities of Azerbaijan after gaining independence are the development of the non-oil sector, spreading of industry sectors, growing of agricultural production, increasing of investment, strengthening of infrastructure, expanding non-oil exports, and making stronger family business. For promoting these priorities our government implemented different state programs, incentive mechanisms and awareness-raising activities. Of course, the main goal is to achieve the growth of domestic production, increase the employment level and improve the living conditions of the population. In the implementation of the above, the transport factor has a crucial importance. In the twentieth century, the transport sector has been shaped as an important infrastructure in the dynamic development of the world economy and has turned into the most actual area of the economy as a whole. Transcontinental transport corridors play an important role in the economic development of the modern world, as well as Azerbaijan. It is only through these transport routes that large-scale loads

can be transmitted directly and shortly between long distances. Thus, with the development and diversification of this field, foreign investment is focused not only on the oil sector, but on other sectors of the economy – mechanical engineering, microelectronics, agriculture, light industry, food, textile and so on. Also through these corridors the economic security of our country will be strengthened and geopolitical situation in the region will be even better.

Purpose of the study. Assess the potential of international railways that passes through Azerbaijan's territory and substantiate the socio-economic benefits of improving transport infrastructure along the Baku-Tbilisi-Kars and North-South routes and expanding trade links with European and Asian railway complexes.

Theoretical bases. One of the fundamental conditions for the overall economic development and overall security of any country in the world is the availability of transport corridors and developing some of the major types of transport in key global routes. At present, Azerbaijan has the potential to develop trans-

portation of goods and passengers to different directions of the world using of main transport modes – land, air and water. This creates a continuing opportunity for establishing international economic relations with various means of transport, as well as the implementation of import-export operations.

The historical outcomes of the strategy implemented by national leader Heydar Aliyev were the launch of the Baku-Tbilisi-Ceyhan Main Export Pipeline and the initiation of the Baku-Tbilisi-Erzurum South Caucasus Pipeline. These projects provided an access of Azerbaijan to the world market. Successful implementation of these global projects from a historic point of view has led to the fact that our country has gained leadership positions in the region and has increased its weight in political and economic processes in the world (Alekperova, Seidova, 2009).

At the same time, with its geopolitical position and placing in the crossroads of trade routes that connect different parts of Eurasia Azerbaijan has become one of the key participants of the TRACECA program, which was aimed at creating natural transport corridor Europe-Caucasus-Asia. This project has been carried out within the framework of the rehabilitation of the Historic Silk Road. As a result of all these, the beneficial economic relations established with the near and far abroad have been expanded, the trade turnover has increased rapidly, and as a result, Azerbaijan has become an important country in terms of transit cargo transportation (Mamedov, 2002).

Also, the completion of the Baku-Tbilisi-Kars railway, Astara-Astara (Iran) railway bridge, reconstruction of Baku-Boyuk Kasik, Baku-Astara, Baku-Yalama railways and Baku-Ganja speed railway enhance the role of Azerbaijan in global economic integration.

Baku-Tbilisi-Kars railway project. Transport being an integral part of the geographical division of labor, also considered a factor of globalization, is an important tool for promoting regionalization and enhancing the reputation of the leading transnational corporations. In this context, the restoration of the Great Silk Road will help eliminate employment problems, accelerate the flow of investment and reduce political and economic pressure on our country, isolate hidden blockades and embargoes.

Owing to efforts of Heydar Aliyev in Azerbaijan there was held international forum for restoring and developing of Great Silk route, in which representatives of 42 countries of the world took participation, among whom 8 were represented by presidents. As H.Aliyev noticed at this forum on September, 1998: "Baku summit will play its historical role in decision of co-operation, provision with peace,

prosperity in every country and all Eurasian space". The main purposes of developing of Great Silk Route are expressed in the following:

- developing of trade-economic relations of the regional countries;
- developing of transport connections of international transportation of trucks and passengers;
- creation of propitious conditions for transit transportation;
- acceleration of delivery terms and saving of transported truck;
- harmonization of transport policy;
- privileges on tariffs on transportation and collection of taxes;
- coordination of relationships between different fields of transport;
- tariff policy on international and internal tariffs on truck and passenger transportation;
- development of the programs of coordinated actions for organization of multi-modal (combined) transportation.

It must be noticed that geographic situation of Azerbaijan and its role in Great Silk route are one of the main (central), if take into consideration the fact that there are well developed all kinds of transports and main roads (air, sea and automobile) in the republic.

The Intergovernmental Commission (IGC) TRACECA is open for all the initiatives promoting the development of regional transport dialogue and ensuring the efficient and reliable Euro-Asian transport links, promoting the regional economy on the whole.

TRACECA corridor is involved in gradually developing trends of trade and economic development. Major traffic flows passing through a corridor formed on the one hand, in Western and Central Europe, and on the other – in Central and South-East Asia.

Baku-Tbilisi-Kars railway is a regional rail link project to directly connect Azerbaijan, Georgia and Turkey through the South Caucasus which becomes an integral part for the international transport corridor TRACECA and through Turkey offers a unique opportunity for uninterrupted and reliable rail communication with the European continent.

Being the most advantageous transit option and the short haul between the Caspian Sea and the Black Sea, the railway line Baku-Tbilisi-Kars is creating an alternative at the intersection of both between West and East and between a number of northern and southern countries. This rail line is designed to become a key part of the southern route of the emerging new Silk Road network of trade and transport corridors that are coming together between China and Europe.

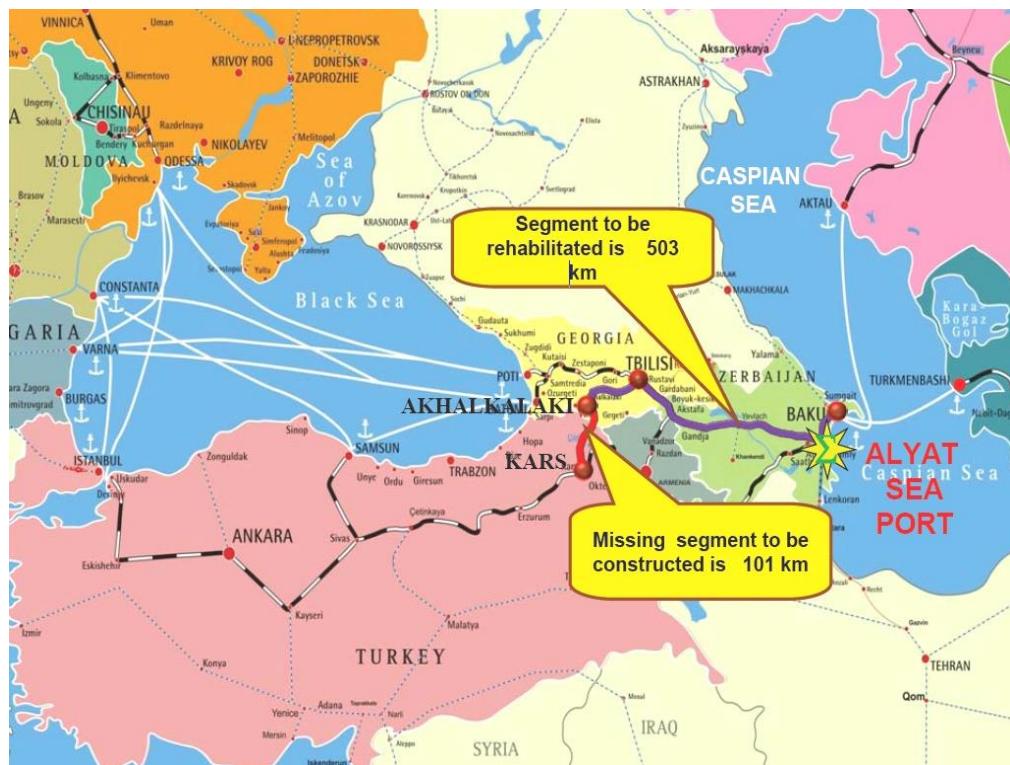
The Baku-Tbilisi-Kars railway is the final destination for transportation between Europe and Asia.

The creation of this project on the Great Silk Road increases its attractiveness for the countries of the region. China, the country which is the main source of cargo in Asia, is also interested in this project. And also, the possibilities of Afghanistan in this region should not be forgotten. In the near future, NATO plans to withdraw its martial contingent from Afghanistan, this is approximately 130,000 TEU containers and 60,000 vehicles, and there are no alternatives to the Baku-Tbilisi-Kars transport corridor. The project envisages the construction of numerous stations, bridges, a 4350-meter tunnel on the Turkish-Georgian border. It should be noted that the construction of a new railway line on the Kars-Akhalkalaki section as well as the rehabilitation and reconstruction of the Akhalkalaki-Marabda section will be carried out in accordance with the standards of the International Railway Union (UIC) (The official web site of International Union of Railways, 2018).

The total length of the Baku-Tbilisi-Kars railway line is 825.0 km; 503 km in Azerbaijan, 244.5 km in Georgia and 77.5 km in Turkey. It is expected that the maximum speed will be 120 km/h after commissioning of the entire line. It will be possible to get from Baku to Kars in just one day and two days to Istanbul. After commissioning of the Baku-Tbilisi-Kars railway, this line is supposed to carry 1 million passengers and 6.5 million tons of cargo per year, as well as 3 million passengers and 17 million tons of cargo in 2034. The minimum annual income

of Azerbaijan from transit in the first years will be \$ 50 million. In the future, attracting European and Asian rail freight to this railway will increase the volume of container and intermodal transportation (carriage of goods by several modes of transport) in both directions. Thus, the Baku-Tbilisi-Kars railway will serve to increase the transit potential of the countries of the region, speed up the integration process in Europe, further develop cooperation within the European Neighborhood Policy and expand our country's foreign economic relation (The official web site of TRACECA, 2018) (map 1).

The Baku-Tbilisi-Kars railway project is considered a very important project not only for the countries of the region, but also for other countries that will join this line. The railway will lead to an increase in cargo and passenger traffic between Asia and Europe, will contribute to the development of its tourism potential and link the Caspian Sea and the Black Sea. With the launch of the BTK railway, ferry and container traffic will continue to grow. In the future, the Marmaray railway tunnel, which will pass through the Bosphorus Strait, will add the significance of this project. The Baku-Tbilisi-Kars railway will transport bridge continents and is projected to begin operating in 2018. Passengers will be able to travel from Beijing to London in just 12 days (Hajizadeh, 2014). As we approach the implementation of this gigantic project, potential carriers are increasingly showing interest in it.



Source: "Azerbaijan in figures". Publications of the State Statistical Committee of the Republic of Azerbaijan, 2018.

Map 1. Baku-Tbilisi-Kars railway corridor

In global terms, the BTK route is designed to connect China and Central Asia with Europe. Regionally, it aims to strengthen trade between the three countries involved – Azerbaijan, Turkey and Georgia – while isolating Armenia to help bring an end to its occupation of Nagorno Karabakh.

Countries of Central Asia, including Kazakhstan, are showing great interest in this railway project. This is clearly illustrated by the participation of delegations and high-ranking officials from these countries at this ceremony. We are sure that there will be additional opportunities in cargo transportation, and our traditional friendship with countries of Central Asia will strengthen further thanks to this railway. This railway is of great importance for Europe. Azerbaijan has already held talks with several European countries. European states are also very interested in this railway.

North-South transport corridor. The transport sector of Azerbaijan has produced many large-scale projects in last 20 years. Highway construction and railway modernisation, the new Baku International Sea Port complex, modern international airports and global transport corridors all aim to make Azerbaijan a regional transport hub and expand the country's global reach. Azerbaijan's significance as a transit country between Europe and Asia will increase further after the completion of the Baku-Tbilisi-Kars railway line in this year. Another key project nearing completion is the International North-South Transport Corridor.

One of the key characteristics of globalization and the integration process is the renewal, restoration and reuse of historical transit routes. In this regard, the North-South transport corridor, one of the international transport corridors connecting the countries of Eurasia, has a great importance. The use of the North-South transport corridor, which is largely considered an alternative to the TRACECA program, allows transit cargo to be 3 times faster than the sea route through the Suez Canal, but also stimulates the creation of conditions for further expansion of economic relations between the South Caucasus and Central Asia and Iran (The official web site of Azerbaijan Railway, 2018).

The creation of the North-South Transport Corridor was laid on the basis of the intergovernmental agreement signed between Russia, Iran and India on September 12, 2000. Azerbaijan joined to this agreement in 2005. Totally, 13 countries have ratified the agreement (the Republic of Azerbaijan, the Republic of Belarus, the Republic of Bulgaria, the Republic of Armenia, India, Islamic Republic of Iran, the Republic of Kazakhstan, the Kyrgyz Republic, Oman Sultanate, the Russian Federation, the Republic of Tajikistan, the Republic of Turkey, Ukraine) (Dergachev, 2015).

Azerbaijan is geographically located in close proximity to two huge transport corridors. Full-scale operation of these transport lines will be of great importance for enhancing the economic power of Azerbaijan. Also passing through different natural zones and countries with different culture, the transport corridors of the West-East and North-South, which intersect in the territory of Azerbaijan, will create favorable conditions not only for the transportation of goods, but also for the organization of tourist routes. Countries and regions will benefit from such conditions.

This corridor will be of great importance for travel to Islam's pilgrimage sites, especially to the cities of Mecca and Medina, providing a transport alternative between Arab countries and Europe.

Russia shows a greater interest in the implementation of the North-South transport corridor and places it on the list of key priorities of its transport strategy. To this end, Russia intends to create a consortium for the construction of a 300-kilometer railway line connecting Astara and the Iranian city of Anzali and Rasht. Initially, this project is estimated at about \$ 600 million. Russia hopes that along with the socio-economic significance of this line, it will also bring favorable political dividends to strengthen mutual trust between the countries of the region (Azerbaijan in figures, 2018).

In this regard, the full participation of Azerbaijan as a key figure in the project and support for its implementation will be political, social and economically beneficial. It is also important to emphasize that such rapidly developing countries as China and India are interested in the North-South and West-East transport corridors. It is already known that the new route for transportation of various goods from India will be delivered to the Astrakhan port of Russia or to Baku via the Persian port of Bandar Abbas, which will start from the Indian city of Mumbai (formerly Bombay). This is an important factor for the economic progress of Azerbaijan as a transit country.

This corridor will have three routes: the Caucasus – the Persian Gulf – India; Central Asia – Persian Gulf – India; Caspian Sea – Islamic Republic of Iran – Persian Gulf – India (map 2) (The official web site of North-South Transport Corridor, 2018).

The expected volume of cargo that will be transported over the territory of Azerbaijan through the Corridor: at the first stage – 3 million tons; at the second stage – 5-8 million ton; at the third stage – 15 million ton. The following measures are being taken on the part of the North-South International Transport Corridor passing through the territory of the Republic of Azerbaijan:

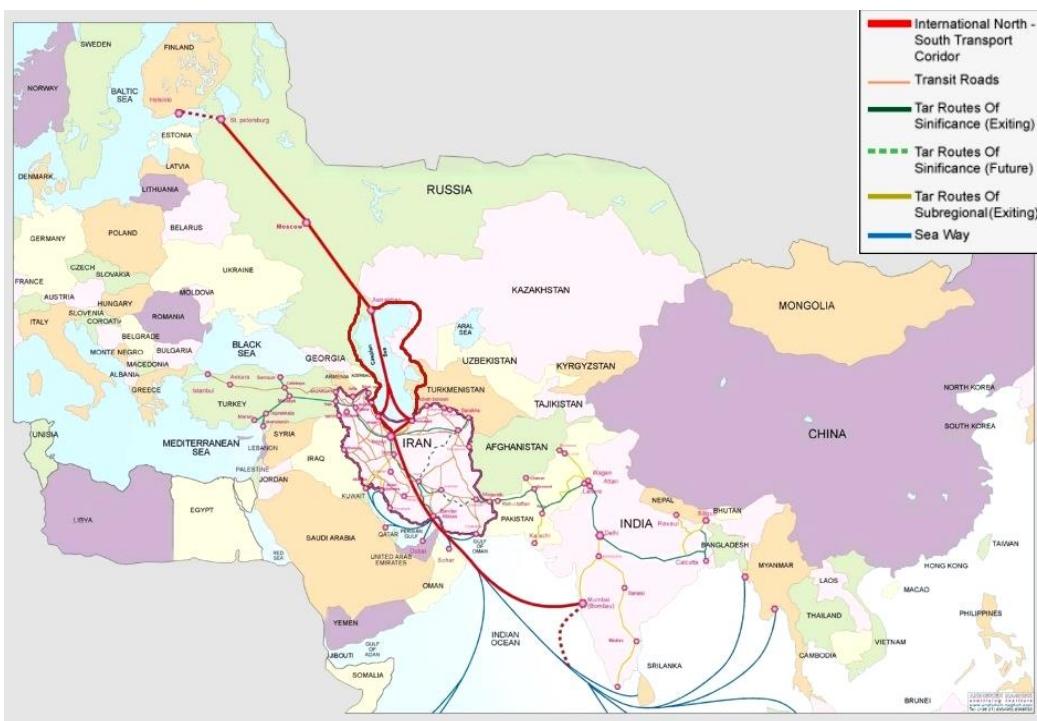
– The construction of 8.3 km of new road of Astara (Azerbaijan) – Astara (Iran) railway line up to the Astarachay bridge and the bridge over the Astarachay and 1.4 km of road on the territory of Iran has been completed;

– Negotiations are underway with Iranian side on the construction of Gezvin-Resht (175 km) section of this corridor;

– Construction of Samur (Azerbaijan) – Yaraq Qazmalar (Russia) highway bridge over the Samur River (Azerbaijan in figures, 2018).

Thus, the North-South Corridor will offer a direct transport route between St Petersburg and Mumbai. This means Azerbaijan together with Iran bridging two continents, Europe and Asia. In other

words, the Astara-Astara section (a rail link between Astara in Iran and Astara in Azerbaijan) will play a vital role in linking North and South by land and developing relations between individual countries and continents. It will strengthen trade, transport and economic relations between the countries of the Middle East, Southeast Asia, Northern Europe and Russia. In this way the Astara-Astara transit corridor is very important for Azerbaijan and Baku is naturally extremely interested in implementing this project. The North-South Corridor will be a key to realising the country's transit potential, generating additional income and jobs, and strengthening the Azerbaijani economy in the region.



Source: <http://instcorridor.com/> - Official web site of North-South transport corridor

Map 2. North-South transport corridor

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ВЛИЯНИЕ ТРАНСКОНТИНЕНТАЛЬНЫХ ЖЕЛЕЗНОДОРОЖНЫХ КОРИДОРОВ НА ГЕОПОЛИТИЧЕСКОЕ И ЭКОНОМИЧЕСКОЕ СОСТОЯНИЕ АЗЕРБАЙДЖАНА

Оруджев П.Ш.

Бакинский Государственный Университет
AZ1148, г.Баку, ул. З.Халилова, 23: porucov@bsu.edu.az

Резюме. В статье даются результаты экономико-географического исследования железнодорожной инфраструктуры Азербайджанской Республики и показана эффективность транзитного потенциала страны в регионе Европа-Азия. Также обсуждается важность транспорта и международных перевозок в контексте глобализации мировой экономики и их влияние на международные экономические отношения Азербайджана. Трансконтинентальные железные дороги играют большую роль в росте экономики как страны, так и ее регионов, международной экономической и политической интеграции стран. В процессе интеграции в мировую экономику Азербайджан ставит задачи по расширению своего транспортного комплекса, а также по присоединению к глобальным транспортным коридорам. Цель – оценить потенциал международных железнодорожных коридоров, обосновать его социально-экономическую выгоду для нашей страны. Азербайджан планирует улучшить транспортную, а также железнодорожную инфраструктуру вдоль трассы Великого шелкового пути и расширить торговые связи с Европой и Азией. Изучены трансконтинентальные железнодорожные коридоры, имеющие важное экономическое, политическое и культурное значение для обеспечения устойчивого социально-экономического развития Азербайджана в процессе интеграции в мировую экономику. Исследована роль крупных транспортных коридоров в Евразии, таких как Баку-Тбилиси-Карс, ТРАСЕКА, Север-Юг и их влияние на экономическую интеграцию Европы и Азии. Кроме того, изучается влияние железной дороги Баку-Тбилиси-Карс и международного транспортного коридора Север-Юг на интеграцию Азербайджана в мировую экономику.

Ключевые слова: железная дорога, международные транспортные коридоры, экономическое развитие, железные дороги Баку-Тбилиси-Карс и Север-Юг, ТРАСЕКА

TRANSKONTİNEL DƏMİR YOLU DƏHLİZLƏRİNİN AZƏRBAYCANIN GEOSİYASI VƏ İQTİSADİ ŞƏRAİTİNƏ TƏSİRİ

Orucov P.Ş.

Bakı Dövlət Universiteti
AZ1148, Bakı şəh., Z. Xəlilov küç., 23: porucov@bsu.edu.az

Xülasə. Məqalədə Azərbaycan Respublikasının dəmir yolu infrastrukturunun iqtisadi-coğrafi təhlili və Avropa-Asiya regionunda ölkənin tranzit potensialının səmərəliliyi araşdırılır. Habelə, dünya iqtisadiyyatının qloballaşması şəraitində nəqliyyatın və beynəlxalq yük daşımalarının əhəmiyyəti və onların Azərbaycanın beynəlxalq iqtisadi əlaqələrinə təsirləri müzakirə olunur. Transkontinental dəmir yolları ölkənin və onun bölgələrinin inkişafında, həmçinin ölkələrin beynəlxalq iqtisadi və siyasi integrasiyasında mühüm rol oynayır. Dünya iqtisadiyyatına integrasiya prosesində Azərbaycan öz qarşısına nəqliyyat kompleksinin genişləndirilməsi, həmçinin qlobal nəqliyyat dəhlizlərinə qoşulması məsələlərini qo'yub. Məqsəd beynəlxalq dəmir yolu dəhlizlərinin potensialını qiymətləndirmək və onların ölkəmiz üçün sosial və iqtisadi faydalalarını əsaslandırmadır. Azərbaycan Böyük İpək Yolu boyunca nəqliyyat və dəmir yolu infrastrukturunun təkmilləşdirilməsini və Avropanın və Asiyanın ticarət əlaqələrinin genişləndirilməsini planlaşdırır. Məqalədə dünya iqtisadiyyatına integrasiya prosesində Azərbaycanın davamlı sosial-iqtisadi inkişafının təmin edilməsi üçün böyük iqtisadi, siyasi və mədəni əhəmiyyətə malik transkontinental dəmir yolu dəhlizləri araşdırılır. Avrasiyada Bakı-Tbilisi-Qars, TRASEKA, Şimal-Cənub kimi böyük nəqliyyat dəhlizlərinin rolu və onların Avropanın və Asiyanın iqtisadi integrasiyasına təsiri araşdırılmışdır. Bundan əlavə, Bakı-Tbilisi-Qars dəmir yolu və Şimal-Cənub beynəlxalq nəqliyyat dəhlizinin Azərbaycanın beynəlxalq arenaya integrasiyasına təsiri öyrənilir. Həmçinin, Avropanı Asiya ilə birləşdirən təbii tranzit körpülərindən biri kimi aparıcı beynəlxalq təşkilatlar tərəfindən rəsmən tanınmış TRASEKA beynəlxalq nəqliyyat dəhlizi araşdırılır.

Açar sözlər: dəmir yolu, beynəlxalq nəqliyyat dəhlizləri, iqtisadi inkişaf, Bakı-Tbilisi-Qars və Şimal-Cənub dəmir yolları, TRASEKA