

Peace and International Cooperation in the Caucasus - East – West Transport Corridor
(Meeting at the Ministry of Transport of Georgia)

The Plenary Session Report



The SPIRS project coordinator Mr. Zurab Chiaberashvili introduced the concept and goals of the conference to the session participants, presented the speakers and expressed gratitude to the author of the concept of the conference Mr. Michael Adeishvili (IREX, the Ministry of Transport and Transport Consulting and Training Center) for his kind assistance in organizational issues. The Minister of the Ministry of Transport for Georgia Mr. Merab Adeishvili spoke about the ancient Silk Route and the present-day reality of contemporary Georgia. As Mr. Adeishvili stated the Ministry of Transport was seriously interested in creation of a new, trained staff. The conference gave new opportunities to both who need skilled personnel for new types of activities and to those who either got substantial education or have been trained abroad. Nearly 30 employees have been trained abroad so far. Another urgent problem is Labour refund of trained personnel, as far as neither the budget-backed organizations nor the overwhelming majority of private companies are able to provide them with duly reimbursement of their skills. This circumstance sparks off lack of skilled employees in the state sector and considerably impedes implementation of projects of crucial importance, – the minister of transport commented. He touched upon the concept and outlooks of implementation of the transport corridor projects connecting the East with the West. Mr. Adeishvili talked about the TRACECA Program consisting of numerous projects and targeting at global research of the above-mentioned corridor. 7 of the first 16 projects have been already implemented. Among them are the railway shipment monitoring system, automobile service, training of specialists, encouragement of trading within the framework of TRACECA, etc. Projects concerning legal aspects of shipments and training the sea transport staff are on the way.

Mr. Merab Adeishvili underlined that the European experts reckon only creation of the legal base relevant to the European standards may lead the transport corridor to success. These requirements imply cheap transportation, easy crossing of bounds, perfect transportation service. All participant countries have to work out unit customs and frontier legislation to meet above-listed requirements.

Mr. Adeishvili spotted out economic factors, which have been brought into question within the framework of TRACECA project. For five years there have been invested \$350-400 billions in the transport sector of Georgia with participation of significant international organizations and financial structures.

The summary report of the transport minister caused a lively discussion:

Ms. Natela Sahokia (Strategic Research Centre) inquired about private investments. “Foreign private investments comprised \$10 billions, whereas the Georgian private investments – only \$ 2-3 billions. Such small amounts of private investments can be explained by faults of transport system of Georgia. Besides, to invest money private investors must have an idea about the final picture of the railway, ports and bounds.



Government of Georgia believes privatization of transport is a very delicate issue as far as the country has got only 2-3 ports. But from the other side such extremely cautious approach of state authorities make many private investors turn away, – Mr. Adeishvili commented.

Mr. Adeishvili answered Ms. Lika Basilaia’s (the Resonance reviewer (USIA Alumni) question concerning proportion of loads freighted via the ports of Caucasus to those of Iran and Russia.

“Georgia is only a part of the route. Unless Georgia, Azerbaijan And Turkmenistan follow unit tariff policy, they will stay uncompetitive. Despite at the present time Georgia has got more favorable terms than Russia and Iran, undue delay at the customs, problems with papers, informal duties greatly impede successful shipments.

Besides, the Caucasus ports have been implementing transportation of freights only for 3 years”, – Mr. Adeishvili stated.

Ms. Darejan Capanadze (USIA Alumni, World Bank representatives in Georgia, the program management specialist) In which direction TRACECA is supposed to develop its activities: re-equipment of existing transport potential from one side or construction of new routes and highways, construction of new ports, etc?

At the present time we target at rehabilitation of the transport infrastructure of Georgia and plan increase of its capacity, which will be the next step in creation of a mighty transport corridor.

Finally, the Ministry of Transport of Georgia Mr. Merab Adeishvili stressed significant role of such conferences in coordination and closer cooperation of different departments and institutions for further development of our country.

The next speaker, a leading specialist of foreign relations department of the parliament of Georgia, the SPIRS executive director Mr. Irakli Mchedlishvili gave a talk on the East -West transport corridor and security problems of the region.

The speaker analyzed political and economic reasons of one-sided communicative systems in nearly all post-Soviet republics, particularly in Georgia. Restoration of these systems requires significant investments and international efforts.



In his speech Mr. Mchedlishvili adhered to the idea of the transport network. There should be constructed at least one corridor in each new participant country of the Pan-European corridor and be made attempts to avert parallel corridors in order to prop up efficiency of investments. A new corridor should create broad network. Besides, transit transportation share should comprise at least 10 per cent of common freightage of a corridor.

Another urgent problem is selection of routes on the basis of keen analysis of numerous circumstances such as: length of the route, its transportation capacity, existing traffic infrastructure, the customs, rating and tariff systems of those countries, which should be taken into account in this connection, security of roads, etc. Political motives are not the last thing to reckon with.

Mr. Mchedlishvili stressed the fact that numerous Caucasian and Central Asian countries including Georgia regard international transport corridors as a certain guarantee of stability and security. Georgia not only targets at rapid integration into international Economy, but is making efforts to frame routes to connect with such southern countries as Turkey and Iran as well. Georgia, being a transit country has a chance to strengthen its position in other directions also. For this reason Georgia takes active part in activities of international organizations and financial institutions interested in development of the new transport routes.

Discussion on Mr. Mchedlishvili’s report dealt with economic and political factors, determining integration of the Caucasus and Central Asia into the World market.

Mr. Levan Gaheladze (Internews, the “Kvira” program) Underlined that projects, constituted within the framework of the dilemma “The Silk Route” were first of all well-grounded economically, though there were no reason to hush weighty political motives, such as unification of numerous countries, different from ethnical, cultural and religious points of view through creation of a sanitary corridor around Russia. Which of these two factors is regarded as more important?



Mr. Irakli Mchedlishvili didn’t give priority to either of them He acknowledged both projects equally important.

Ms. Liana Jervalidze, political expert (USIA, Alumni, Strategic Research Center) stuck to the opinion that while planning economically well-grounded projects for Central Asia and the Caucasus, political aspect was a

top priority, at least for US, as far as America was interested in withdrawal of these countries from the sphere of influence of Russia far more than in the Caspian resources.

Mr. Mchedlishvili found noteworthy to mention that TRACECA and Caspian pipeline projects are quite different. TRACECA is being a European project, while pipeline is rather American. Political motivations of these economic projects differ from country to country, their definition and estimation is not so easy. As for Georgia, we regard this project as a security guarantee from one side and one of the significant source welfare from another. We can declare, that Georgia has got both political and economic interests in the projects.



The head of transport ministry motor-vehicle department Mr. David Dzotsenidze spoke about motor transport development program in Georgia, worked out together with foreign experts. “The program implies implementation of some concrete measures and adhesion of Georgia to international conventions, signing international, bilateral contracts with different countries on construction of highways and their provision with legal base. Privatization process in this field of transport urges creation of a large private sector, which implements transportation of passengers and freights within and out of the country. We hope that 26 bills adopted to regulate relations between the state and private sectors will be included in the “Highway Transport Code”.

TACIS finances the project ‘The regional shipment forecasting model’, which implies creation of information center in Tbilisi to provide the modern silk route with substantial database”, – Mr. Dzotsenidze commented.

Mr. Zaal Anjaparidze (USAID fiscal reforms project, information and social education officer) inquired about management of branch highways and roads. Mr. David Dzotsenidze noted that these roads were managed by the Road Department, which is also dealt with construction of roads.

Mr. Zaza Daraselia (The president of the Georgian association of young political experts) Do the Georgian companies implement international transit shipments or is the territory of Georgia used only?

Mr. Dzotsenidze found this question rather intriguing. He noted that Georgia, having no experience in past, established joint enterprises with nearly 500 modern motor vehicles, which implemented international transit shipments. Now the motor-vehicle department was framing the training center for drivers.

The head of the transport aircraft department of the ministry of transport Mr. George Nijaradze has been recently appointed. For this reason he made a brief speech on the hard situation in the state air company “Georgian Airlines’, sparking off bankruptcy of the company. The head of the department reckoned creation and implementation of the national program of the air transport development together with attraction of trained personnel in the field of aviation management would be the way out. Mr. Irakli Mchedlishvili asked the speaker to talk about labor refund of skilled managers they intended to attract and give more precise definition to the term “national air company”.

Mr. George Nijaradze: “We hope for 2000 year employees of our department will be well-paid and we’ll afford skilled personnel for that time. As for creation of competitive and well-equipped national air company, capable to fly to any place of the World, in my opinion, it is unimaginable without state aid.

Head of the Eurasian Transport Corridor Problem Center Mr. George Tsagareli introduced activities of the centre created in 1996 year. This event coincided with implementation of TRACECA projects in Georgia.

The center consists of numerous groups, which enabled the World Bank to coordinate all projects having been implementing in the transport field. One of the subgroups deals with scientific-technical information and analysis, Coordinating technical assistance projects in the sphere of transport.



Another subgroup, regional shipment forecasting department, plans activities of the entire transport sector through forecasting of shipments in Georgia.

Mr. Tsagareli spoke about the World Bank pilot project on training and innovation credit for rehabilitation of the Ministry of Transport. The project implies to fit in structure, goals, targets, professional skills, political will,

regulating functions and the legislative base of the Ministry with the West standards. The project will be implemented by the Eurasian Transport Corridor Problem Center.

The head of the Transport Consulting and Training Center Mr. Tengiz Gogelia gave a detailed description of the activities of the Center. It targets at educational activities managed by grants of government of the Netherlands. Approximately 450 people engaged in the sphere off transport have been trained there.



Mr. Michael Adeishvili, (USIA, Alumni) the Ministry of Transport consultant summed up the viewpoints expressed at the meeting and talked about the concept, goals and expected results of the conference. He made a speech on the role of Georgia in international transport network.

Mr. Adeishvili spoke about the competitions, trying to suggest better conditions while choosing the routes for the East-West transport corridor to make their proposals more attractive.

Michael Adeishvili introduced those international organizations and financial institutions, which work on investment and planning of new routes to the participant of the conference. Among them are the European Commission (EC), Economic and Social Commission for Asia and Pacific (ESCAP), United Nations Economic Commission for Europe (UN/ECE), European Conference of Ministers of Transport (ECMT), Economical Cooperation Organization (ECO), International Road Federation IRF), International Road Transport Union (IRU), etc. All of them have got tight relations though sources of financing and approach towards choosing routes differ; successively, each of them has its own strategy.

The European Commission targets at frontal expansion of the trans European network to the East through the system of Pan-European corridors. The system of Pan-European corridors is supposed to contact the North coast of Africa, Turkey, Georgia and the Arctic part of Europe through Pan-European Transport Area (PETrA). Michael Adeishvili spoke about dramatic development of the process connected with Pan-European Transport Corridor. Though the Directorate General 1(DG1) admitted a top priority of the Caucasian corridor from political point of view, while working out economic aspects, it turned out, that Georgia have not been included either in the Pan-European Transport Corridor System, or in the Black Sea Transport Area. Due to the joint efforts of the Ministry of Transport and the Ministry of Foreign Affairs documents and maps confirming that the PETrA covers the Black Sea Coast of Georgia were presented to the III Pan-European conference in Helsinki. Subsequently, in the final edition of the Helsinki conference materials the Pan-European Transport Area covers entire Caucasus. Mr. Adeishvili informed the conference that Georgia was taking part in the UNESCO Economic Commission projects: Trans European North-South Motto ways (TEM) and Trans European North-south Railways (TER) targeting at development of the corridors in the north-south direction. The projects imply creation of the modern motto way and railway network, which will connect the Baltic, Black, Adriatic and Aegean Sea Coast countries. Tbilisi-Karsi railway line is also very important. The speaker pointed out contradictive relations with Abkhazia and Russia, which considerably impede implementation of these plans.

