

# At the cross-roads of development

With major infrastructure projects under way to open up the trans-Caucasus route from Asia to Europe, the International Logistical Centres financed under the EU's **TRACECA programme** will provide key logistical hubs for increased intermodality and efficiency of the transport corridor. At the new Caspian Sea port being built in Alat, one such centre is set to make Azerbaijan a vital link in the chain.

*Text and Photos by Shahin Abbasov*

[www.enpi-info.eu](http://www.enpi-info.eu)

**Baku** – Some 70km south-west of the Azeri capital Baku, at Alat on the Caspian Sea, a sprawling new port will soon cover 450 hectares of land: on that site, 50 hectares have been set aside to host Azerbaijan's first International Logistical Centre (ILC), a key project financed by the European Commission to facilitate development of the Europe-Caucasus-Asia transport corridor (TRACECA).

According to Akif Mustafayev, TRACECA national secretary in Azerbaijan, the ILCs are one of five EU-funded technical projects to develop the transport corridor at a total cost of € 15 million. For the ILC project, the EU has allocated just under € 3.5 million for 2009-2011.

The project supports international trade, and facilitates movement of goods along the TRACECA corridor by improving logistic capacities, interoperability and multimodal transport, and the development of regional cooperation. Azerbaijan, Armenia, Georgia, Moldova and Ukraine, as well as countries of Central Asia, and Bulgaria, Romania and Turkey participate in the ILC project, which aims to establish modern logistical transport centres to top EU standards.

The technological connection between these centres directly affects trade and international transport (import, export and transit) in the Black Sea, Caucasus and Central Asia. "Alat is very well located for Azerbaijan's first Logistical Centre. It will accept ships and ferries including

This publication does not represent the official view of the EC or the EU institutions. The EC accepts no responsibility or liability whatsoever with regard to its content.



## ENPI Info Centre – Feature no. 8

This is a series of features on projects funded by the EU's Regional Programme, prepared by journalists and photographers on the ground or the ENPI Info Centre.

© 2010 ENPI Info Centre / EU



■ Abid Sharifov

large-capacity vessels. The railway and highway which are part of the TRACECA corridor's central segment pass nearby," Mustafayev said. Construction, which begins in early 2010, will take five to six years, financed by the Azerbaijani government and IFI loans.

### €160 million in EU funds since 1993

Since 1993, the EU has financed 15 investment and 61 technical projects within the TRACECA programme, in total worth € 160 million. Thanks to the programme, cargo transport had increased from 3 million tons in 1993-1997 to 53 million in 2007. More than 150 million tons of cargo were carried via the corridor since 1998.

Modern freight traffic cannot be fully efficient without logistical centres that handle the automated processes of unloading, uploading, sorting of products, their packing and containerization. Until now, Azerbaijan did not have centres meeting EU standards. It should change that: "The idea is to provide high-quality transport of larger volumes of cargo within a short time and using less transport means. It avoids the spoiling of goods and ensures full utilization of transport means," said Mustafayev. "It's win-win for everybody – for cargo senders, receivers and finally for consumers."

This position is shared by independent expert Togrul Juvarly, a member of Azerbaijan's National Public Committee for European Integration. He said that due to overpriced transit tariffs, Central Asian countries currently prefer to route cargoes via Russia.

"We need to remove administrative obstacles and reduce tariffs for efficient use of the TRACECA corridor," Juvarly said. "The logistical centres will facilitate the development of multimodal traffic and use all means of transport. In emergency situations, when you need re-direction of traffic and change of transport mean, logistical centres are indispensable."

The two-year TRACECA technical project has organised a national seminar for government officials and private sector, as well as a roundtable in the Transport Ministry to increase awareness of the advantages of logistics for cargo traffic. Training in logistics is key to modernizing transport infrastructure. Currently, the Baku-based Aviation Academy provides courses, while two more institutions – the Azerbaijan State Technical University and the Marine Academy – will follow soon.

### Boosting container traffic

Akif Mustafayev from TRACECA believes the creation of logistical centres will boost container traffic. "Most of the cargo in the world is carried by container. However, TRACECA countries lag behind due to the underdevelopment of logistical infrastructure. Container traffic is only about 10% of total freight in TRACECA, while in EU countries it reaches 50-60%," he said.

The value of logistical centres increases in view of the large infrastructure projects currently under way. The Baku-Tbilisi-Kars railway will be launched in 2012, and a rail

**Thanks to the programme, cargo transport had increased from 3 million tons in 1993-1997 to 53 million in 2007.**

**The idea is to provide high-quality transport of larger volumes of cargo within a short time and using less transport means... It's win-win for everybody.**

**If we manage to attract even 3-4% of this flow [of container traffic from China to Europe and America], it will be a huge success for TRACECA.**

■ Modern freight traffic cannot be efficient without logistical centres



tunnel under the Bosphorus connecting the European and Asian shores of Turkey will open soon. Then, a direct rail connection between Shanghai and London will be established, allowing trains to go from China to the UK without cargo reload. Large-capacity ferries will be used at the only sea section of corridor through the Caspian, said Mustafayev, with the Azerbaijan State Caspian Shipping Company purchasing special ferries able to carry 52 wagon rakes.

■ Baku railway today: the Baku-Tbilisi-Kars railway will be launched in 2012



Every year, China ships 10 million containers with cargoes to Europe and America

and mostly uses ocean transport. "If we manage to attract even 3-4% of this flow, it will be a huge success for TRACECA," Mustafayev said.

Expert Togrul Juvarly is optimistic about development of the region's transport infrastructure: "Cargo transit is the most long-term and sustainable economic resource of the Southern Caucasus. But it is only possible if modern infrastructure and coordinated tariff and customs policy are established."

**Cargo transit is the most long-term and sustainable economic resource of the Southern Caucasus. But it is only possible if modern infrastructure and coordinated tariff and customs policy are established.**

## International Logistical Centers (TRACECA)

The project supports international trade and facilitates the movements of goods along the TRACECA corridor through improving logistics capabilities, interoperability and multimodal transport.

[www.traceca-org.org](http://www.traceca-org.org)

### Participating countries

Armenia, Azerbaijan, Georgia, Moldova, Ukraine Bulgaria, Romania, Turkey closely associated

### Objective

It tackles in particular the lack of modern logistic transport centres/nodes and common legal ground for its integration and development, since technological connection between these centres directly affects the development of trade and international transport (import, export and transit) in the Caucasus and Black Sea region countries.

### Find out more

TRACECA main fiche [www.enpi-info.eu/maineast.php?id=272&id\\_type=10](http://www.enpi-info.eu/maineast.php?id=272&id_type=10)

International Logistical Centers (TRACECA) fiche [www.enpi-info.eu/maineast.php?id=268&id\\_type=10](http://www.enpi-info.eu/maineast.php?id=268&id_type=10)

ENPI Info Centre – Transport thematic portal [www.enpi-info.eu/themeeast.php?subject=8](http://www.enpi-info.eu/themeeast.php?subject=8)

### Timeframe

2009-2011

### Budget

€ 3.440.500

The ENPI Info Centre is an EU-funded Regional Information and Communication project highlighting the partnership between the EU and Neighbouring countries. The project is managed by Action Global Communications.

# ENPI info centre

[www.enpi-info.eu](http://www.enpi-info.eu)