

15. JOINT VENTURE FOR THE TRANSCAUCASIAN RAILWAYS

Geographic Focus:	Republic of Armenia, Azerbaijan Republic and Georgia
Project Budget:	EURO 2,000,000
Contractor:	TEWET
Implementation timetable:	July 1996 through July 1997

Background

During the visit of Commissioner Hans van den Broek in October 1995 discussions were undertaken between the Governments of the Three Caucasian Republics and the Commission. The following was agreed:

1. The Governments of the Caucasian Republics are in favour of implementing regional collaboration.
2. The agreement proposes a feasibility study, which will be financed by the Commission through the TACIS Programme.
3. The object of the feasibility study will include an audit of the concerned railways and the ferry boat connection between Baku-Turkmenbashi as a complement to the existing Traceca projects.

Objectives

- To promote mutual co-operation between the republics of the region and the use of the Traceca rail corridor by the establishment of a Joint Venture involving the three Republics
- To improve the efficiency of regional operations
- To consider the possibilities of a multi-modal service based on a restructured railway network and ferry-boat services

Key Issues

There was seen to be a need to examine potential trade and the framework for development under different political and social scenarios, with traffic potential and forecast, inventory of present assets, identification of investments required, legal and institutional considerations; to identify possible management and implementation strategies, involving local and outside participants and to evaluate economic and financial aspects of alternative recommended strategies and the basis of agreement for joint ventures.

Achievements

Proposals on a number of ideas for possible joint ventures have been generated and are now under active discussion.

These include:

- the management of the Pilot Train
- the establishment of a railway sleeper factory
- a rail locomotive repair workshop
- a telecommunication company

The EBRD have used details contained in the project reports to launch a potential new loan to the Azerbaijan Railways of USD 20 million.

The success of the pilot train in the Caucasus is used as a basis for further evaluation in the new TRACECA Intermodal Services project launched in June 1998.