

Speech

Lasha Zhvania
Minister of Economic Development of Georgia

Ministerial Meeting **“Revival of the Great Silk Road: “from Design to Realization”**

Dear Chairman,
Dear Colleagues,
Ladies and Gentleman,

I am sincerely glad to have this opportunity of meeting you on this ministerial meeting.

I believe, this event will have considerable contribution to the process of transport sector development, as well as cooperation between our states that will become a guarantee for activation of regional economic and transport relations.

It is worth to note that against the background of economic trends' aggravation on global market it is of vital importance for us to review a role of international road transport of goods in regional scale, attach new impulse and dynamism to the development of transport.

In order to expand cooperation between our states priority directions of joint activities in the sphere of transport policy are liberalization of road transport of goods, development of transport infrastructure by means of attracting financial resources from IFIs (International Financial Institutions) and private sector, as well as safety provision in accordance with international standards.

As regards prospect, many countries including Georgia attach great importance to the formation of liberal approaches in the international road transport.

It must be noted that Georgia intensively implements above-mentioned approaches with neighboring countries. Liberal agreements, that consider abolishment of permit system, were signed between Georgia and the Republic of Kazakhstan, Republic of Armenia in 2007 and such agreement is prepared for signature with the Republic of Moldova.

At the same time, negotiations are underway with neighboring and other partner countries to finalize similar liberal agreements and we hope this issue will be decided positively in the nearest future.

Further realization of prospective NELTI project considering more active use of Central Route (through Central Asia and the Caucasus) is of no small importance. One of the main problems hampering development of Euro-Asian transit by the NELTI central route is delay on border-crossing points while passing customs and other types of control. Realization of this project will facilitate introduction of modern approaches in customs control that will decrease transportation time and will lead to increase of the Central Route attractiveness.

At this stage, as it was already mentioned, one of the most important components for development of road transport of goods is working out of specific infrastructure projects by the PPP (Public-Private Partnership) scheme.

One of the most important priorities of the Government of Georgia is construction-rehabilitation of the East-West Highway in accordance with international standards.

Today, approximately 80 km of the highway have already been constructed. Construction of this highway is financed by the central budget of Georgia and the World Bank loan.

Negotiations with several IFIs (ADB – Asian Development Bank; JICA – Japanese International Cooperation Agency and EIB – European Investment Bank) are underway in the framework of the East-West Highway improvement that considers initialization of approximately 170 km of new highway construction in 2010.

Construction/rehabilitation of internal and local roads is one of the governmental priorities as well. More than 900 km of internal roads were rehabilitated in recent years. Moreover, rehabilitation of 300 km of roads is underway in the framework of MCG (Millennium Challenge Georgia) project and rehabilitation of approximately 450 km of roads is in process in the framework of the WB loan.

It is worth to note that budget expenditures on construction and rehabilitation of roads importantly increased in recent years. In particular, approximately 1 billion Euros were invested from the central budget of Georgia.

As a result of liberal policy and reforms implemented by the government of Georgia in recent years, customs and border-crossing, as well as other procedures for international transport of goods on the territory of Georgia had been significantly simplified. In parallel, special attention is paid to the safety provisions. Considering the above-said, appropriate rules and regulations had been adopted that are in accordance with international standards. Consequently, international transit transport of goods through the territory of Georgia meaningfully increased.

Transport infrastructure of Georgia is growing rapidly. New sea port will be constructed in Poti in the nearest future with the design capacity of 20-25 million tons per year and FIZ (Free Industrial Zone) will be established in parallel. Approximately 300 enterprises will work on the territory of FIZ (100 hectares) and enjoy the most preferential economic terms on the territory of Georgia.

Container transport development will favor the further establishment of logistic centers and attraction additional cargo flows to Georgia. As a result, it is planned to establish logistic center near Tbilisi that will connect railway, air and road transport and will serve as transport hub between Black sea ports of Georgia and the Caspian region.

In parallel with development of transport infrastructure, container flow rapidly increases in Poti sea port. 210 thousand TEU were processed in 2008. Growth is 13% in comparison with 2007.

Container terminal was put into operation in Batumi sea port in 2008 that processed 45 thousand TEU.

At the same time, it is planned to organize regular block-container train from Poti and Batumi sea port to the Caspian region.

“Baku-Tbilisi-Kars New Railway Line Construction Project” entered the new phase. Realization of this project using railway networks of Georgia, Republic of Azerbaijan and the Republic of Turkey provides further connection with the Western Europe and facilitates attraction of additional cargo flows from China and the Republic of Kazakhstan.

Today, two international airports of Tbilisi and Batumi operate in Georgia. At the same time, it is planned to reconstruct regional airports of Kutaisi and Poti with further development of logistic centers. So called “Open Sky” Policy was announced by the government of Georgia. It considers revision of existing bilateral agreements in the civil aviation sphere in order of their maximal liberalization, as well as drafting new agreements with partner countries.

Facing the future, many countries including Georgia, attach great importance to the effective functioning of free trade zone and raising competitive ability of the transport corridor. From my point of view, at the given stage our aim must be to support existence of developed transport and logistics infrastructure, as well as maximal liberalization of trade.

It would be appropriate to simplify customs and border-crossing procedure, abolishment of permit system on international transport of goods, attraction of additional cargo flows and increase competitiveness of the transport corridor.

At the end, let me express my sincere gratitude to the International Road Carriers' Union of the Republic of Kazakhstan (KazATO) and the Ministry of Transport of Communications of the Republic of Kazakhstan for the hospitality and organization of the Ministerial Meeting on such a high level.

Thank you for your attention.