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PABSEC

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THE ECONOMIC, COMMERCIAL, TECHNOLOGICAL AND ENVIRONMENTAL
AFFAIRS COMMITTEE**

REPORT*

ON

“TRANSPORT IN THE BLACK SEA REGION”

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* Assembly debate on 9 December 1998 (see Doc. GA 5027/98, Report of the Economic, Commercial, Technological and Environmental Affairs Committee on “Transportation in the Black Sea Region”, discussed in Antalya on 9 October 1998; Rapporteur Mr. Turhan ALCELİK- Turkey).

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I. INTRODUCTION

1. The subject of transportation in the Black Sea region has been previously tackled by the Economic, Commercial, Technological and Environmental Affairs Committee: the General Assembly adopted in 1996 the Report “*Cooperation in Transportation Among the BSEC Member Countries*” and the Recommendation 13/1996 with the same title.
2. It should be noted that the subject was again discussed during the 9th meeting of the Economic, Commercial, Technological and Environmental Affairs Committee in Athens, and the 10th PABSEC General Assembly in Chisinau. Additionally, the 10th meeting of the Economic, Commercial, Technological and Environmental Affairs Committee in Baku discussed extensively the very important subject of oil and gas transportation.
3. The main reasons behind the recurrence of the subject is first of all that transportation plays an extremely important role in the trade relations between the BSEC countries. It is not an exaggeration to say that a large part of the low trade volume between the 11 countries is due to the very high cost and the slowness of transportation in the Black Sea region. This affects both goods and people.
4. The second reason is that nowadays, following decades of stagnation during the years of the division of Europe, there are major developments in the creation of new, and rehabilitation of old, transport networks throughout the whole territory of the European Continent. Extensive networks are currently being constructed in the area of the EU countries (Trans European Networks): the European Community intends to minimise the cost of transportation in its territory, as an effort to maximise the benefits of the common market, facilitating the movement of products and people.
5. At the same time we are witnessing a concerted effort to create Pan European Networks that will be connected to the network of the EC 15, and will cover the whole area of Europe, providing connections not only to all European countries, but gateways to Asia and Africa as well.
6. The present Report aims to outline the latest developments that took place during the last 3 years on transportation issues, after the adoption of the previous Report of 1996, while providing the latest national proposals on transportation. For the latter purpose, the International Secretariat received the contributions of Armenia, Azerbaijan, Greece, Romania and Turkey.

II. THE PRESENT SITUATION

7. The break-up of the former Soviet Union left the newly independent states to establish new customs authorities and border-crossing procedures for international transport. As a consequence several bilateral agreements have been negotiated to regulate transit traffic between and across their territories, mostly on the basis of quota systems.
8. These may summarised as:
 - bi-lateral agreements, which are the most prolific, and somewhat difficult to catalogue and administer;
 - a number of multi-lateral agreements which are rare example but working proof of the regional will to regulate transit traffic on a broad basis. Such are: (a) the so-called Sarakhs agreement of May 1996 on transit of goods and railway cooperation between Azerbaijan, Georgia, Turkmenistan and Uzbekistan, which Armenia joined in December 1998 (Bulgaria, Romania and Ukraine have also expressed their intention to sign it), (b) the tripartite agreement between Azerbaijan, Georgia and Ukraine of Odessa in 1996, and (c) other agreements, such as the customs union which links at least nominally certain of the TRACECA countries with the Russian Federation.

- Most states are in the process of adhering to the main conventions sponsored by such bodies as the United Nations- Economic Commission for Europe, such as the TIR (International Transport of Goods by Road)

9. The problem is that in the absence of a broad multi-lateral framework agreement, a somewhat chaotic situation exists at the operator level, particularly in road transport. Transportation agents are confronted by a confusing and fluid regulatory environment, and transit fee structure. One can say that overall, the existing situation is promoting inefficiency, reflected in high transportation costs and slow transit times.

10. The major initiatives to amend this situation can be briefly be summarised as follows:

TRACECA (Transport Corridor Europe Caucasia Asia)

11. The TRACECA Programme was launched at a conference in Brussels in May 1993 which brought together trade and transport ministers from eight countries, where it was agreed to implement a programme of European Community funded technical assistance to develop a transport corridor on an West-East axis from Europe, across the Black Sea, through the Caucasus and the Caspian Sea to Central Asia (see annexed maps). Today, the TRACECA countries include four BSEC countries, Armenia, Azerbaijan, Georgia and Ukraine, as well as Mongolia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

12. Up to day the TRACECA programme has financed 22 Technical Assistance studies (30 million ECU) and 5 investment projects for the rehabilitation of infrastructure (20 million ECU). Four TRACECA conferences have been held, bringing together sectoral experts or authorities from the ten states, the European Commission and officials from international financial institutions. TRACECA has now regional offices in Tbilisi, Tashkent and in Brussels.

13. From the side of the EU, it offers this programme as an additional route that would complement all traditional routes. The project corresponds to the global EU strategy towards the Newly Independent States and retains the following objectives:

- To support the political and economic independence of the republics by enhancing their capacity to access European and world markets through alternative transport routes;
- To encourage further regional co-operation among the republics;
- To increasingly use the TRACECA programme as a catalyst to attract the support of International Financial Institutions and private investors;
- To link the TRACECA route with the Trans European Networks (TENs)¹.

14. The leaders of the participating Republics consider that the TRACECA route is of strategic importance to establish an alternative transport outlet to Europe which will complement the traditional and often heavily overloaded route via Moscow.

15. The programme has resulted in closer co-operation and dialogue among government authorities which has included: agreements to keep transit fees at competitive levels; the facilitation of easier border crossings for transport; the simplification of trade procedures and improved customs co-operation between participating states. There have also been agreements to ship large volumes of new cargo along the TRACECA route and the recognition that this route represents the shortest

¹ A note should be made here: the **Trans**-European Network covers the area of the European Union, while the **Pan**-European Network covers the whole European Continent.

distance and potentially the fastest and cheapest route from Central Asia to deep sea ships serving world markets.

16. The technical assistance provided through TRACECA has helped to attract larger investments from the international financial institutions, that include the European Bank for Reconstruction and Development (EBRD) who have made a number of commitments for capital projects on ports, railways and roads along the TRACECA route totalling over \$200 million, and the World Bank (WB) who have made commitments for new capital projects on roads in Armenia and Georgia totalling over \$40 million.

17. In addition, EU private investors are engaging in joint ventures with Caucasian and Central Asian transport companies. The EU is supporting other projects to further enhance regional co-operation and economic sustainability in the region such as the Southern Ring Air Routes project and the Oil and Gas Pipeline project (INOGATE).

18. In order to give substance to the idea of the Black Sea Region as a Pan European Transport Area, the EU agreed to finance the rehabilitation of the Ro-Ro ferry terminal in the port of Ilyichevsk (Ukraine) and the construction of a Ro-Ro ferry terminal in the port of Poti (Georgia). These projects (15 million ECU) will be implemented in 1998 and finalised at the beginning of 1999. In addition, the project proposals of the TRACECA Fourth Working Group have been translated in 2 technical assistance studies and 2 investments projects, worth 10 million ECU, to be implemented in 1998.

19. In September 1997 there was an initiative by Presidents Aliev of Azerbaijan and Shevardnadze of Georgia who jointly proposed to host a presidential conference in the Caucasus in 1998, that could lead to the adoption of the multilateral agreements on transport initiated within the TRACECA programme. These agreements could break open the existing Sarakhs agreement, a four country agreement on the reduction of railway tariffs in order to facilitate the transit of cargo by railways. The formulated proposals include: an additional number of commodities for railways, to open it for other transport modes, to harness the interest of other countries that are interested by the agreement.

20. Consideration is currently being given to the prospect of further Working Group meetings to draw together the initiatives taken so far, to consolidate these actions and to make plans for future actions.

- The rehabilitation of Baku Port with technical assistance financed by the EU for 1.5 million ECU for the feasibility and design of a ferry terminal to be reconstructed with a \$50 million EBRD loan.
- The upgrading of roads in Armenia with technical assistance financed by the EU for 0.75 million ECU in order to provide the package of technical assistance for the second half of the \$40 million WB/EBRD loan.
- Construction of the Poti Grain Terminal with TA financed by the EU for 0.4 million ECU for the legal issues on the concession of the terminal, to be constructed after a \$15 million EBRD loan.
- The modernisation of the Georgian ports with preliminary discussions on the construction of ferry terminals and general cargo facilities from an investment by EBRD following a technical assistance package of 1.5 million ECU financed by the EU.
- Road rehabilitation in Georgia where a technical assistance package of 0.4 million ECU was financed by the EU for a WB loan of \$13 million.

21. The EU continues to provide support to projects that receive funding from other sources and these include:

- Rehabilitation of the Caucasian Railways for 5 million ECU: an investment project in the framework of the Food Aid operation for the Caucasus. The intensive use of the Caucasian railways under the 204 million ECU food aid-operation by EU had led to the exhaustion of rolling stock and rail track. The project financed the rehabilitation of 7.5 km of track in Georgia, the reparation of the section Airum-Yerevan (Armenia border with Georgia), the rehabilitation of the bridge of Poyle (Azeri border with Georgia).
- Air Traffic Control (ATC) Training and Southern Ring Air Routes for 5 million ECU: A regional project in 10 countries to upgrade ATC capabilities and to support the establishment of a rational workplan for routes to be adapted by airlines. The project includes a feasibility study for the three national Caucasian airlines to set up a joint venture for regional flights with investment opportunities for private European investors.
- INOGATE (Interstate Oil and Gas Transport to Europe): A programme which aims to rehabilitate and modernise existing oil and gas transmission grid and facilities in the NIS, to assess options for possible alternative routes, to strengthen regional co-operation in oil and gas pipeline management and institution building.

The BSEC-TRACECA Ministerial Transport Conference, Tbilisi, 8-9 April 1997.

22. In order to examine the possibilities of linking the TRACECA route with the Black Sea region and the TENs, the EU organised on 8-9 April 1997 a ministerial transport conference in Tbilisi, Georgia. The conference brought around the table all BSEC countries, the Central European Initiative member states and the newly independent states involved in the TRACECA programme.

23. The ministers of the 16 participating countries expressed their wish to integrate TRACECA and the Black Sea countries within the Trans-European Networks. It was agreed that TRACECA and BSEC will co-operate closely to develop this idea by concrete actions and projects. Several countries (Bulgaria, Romania and Ukraine) used the occasion to declare their intention to join the Sarakhs Agreement, which aims at establishing a common policy on transport (the original agreement was concluded between Georgia, Azerbaijan, Turkmenistan and Uzbekistan, while Armenia joined this agreement in December 1998).

24. The Conference resulted in the establishment of a Ministerial Committee for the development of concrete projects and also served as a platform of 16 countries for the Pan-European Transport Conference in Helsinki in June 1997. As a result the Helsinki Conference identified the Black Sea Region as a Pan-European Transport Area which will further develop the EU network to the East.

Conference of the Ministers of Transport of the BSEC and Central European Initiative countries, Sofia, 21-22 November 1996.

25. The Ministers exchanged views on the activities of the BSEC Participating States and the CEI Member States in the field of transport with special consideration of issues related to the development of the regional transport networks in the context of the Pan-European cooperation and with regard to the Third Pan-European Transport Conference that was held in 1997 in Helsinki.

26. The Ministers recognised that there is a common interest in the creation of efficient transport networks in the BSEC and CEI regions and their integration with the all-European transport system.

27. The Ministers discussed the development of the transport networks in the respective regions with particular emphasis on the following principles:

- the process of harmonisation of technical, fiscal and legal transport regulations as a pre-condition for the gradual opening of access to the national transport markets will be developed on a mutually beneficial basis;
- transport networks should be developed in accordance with national interests and the principles of market economy;
- gradual simplification, optimisation and harmonisation of the customs and border crossing procedures for cargoes and passengers.

28. Moreover the Ministers expressed their support for the idea of establishing, at the initiative of countries of South-Eastern Europe, the Trans Regional Centre for Transport Infrastructure in Sofia.

The Third Pan-European Transport Conference in Helsinki.

29. Representatives of the governments and parliaments of the European countries, the institutions of the European Union and intergovernmental organisations and bodies met in Helsinki from 23 to 25 June 1997 for the Third Pan-European Transport Conference.

30. The Conference adopted the **“DECLARATION TOWARDS A EUROPEAN WIDE TRANSPORT POLICY; A COMMON SET OF PRINCIPLES”**. The participants agreed to promote sustainable efficient transport systems which meet the economic, social, environmental and safety needs of European citizens, help reduce regional disparities and enable European business to compete effectively in world markets, and in particular:

- to support the process of progressive liberalisation and integration of transport markets;
- to facilitate the adoption and implementation at all levels of transport laws and policies based on common principles and standards;
- to ensure socially and environmentally acceptable and safe conditions for transport users;
- to ensure more integrated use of all transport modes with special emphasis on intermodality, and;
- to promote improvements in the construction and operation of the transport system.

31. The development of infrastructure will give particular emphasis to the development of the Trans-European Transport Network in the territory of the EU member states, its future extension to the acceding countries and on the updated Crete Corridors in the territories of countries in Central and Eastern Europe. In addition, specific Pan-European Transport Areas, such as the Black Sea Basin Area, the Barents Euro-Arctic Area, the Mediterranean Basin Area and the Adriatic and the Ionian Seas Area, will need special attention in future work on infrastructure development.

32. Moreover the Report on **“ADJUSTMENTS TO CRETE CORRIDORS”** was jointly submitted to the Conference by the European Commission, the Secretariat of the European Conference of Ministers of Transport and the Secretariat of the United Nations Economic Commission for Europe. The views of BSEC were reflected in this document through the two preparatory BSEC-organised meetings mentioned above.

33. It should be noted that three corridors of the Trans European Networks (TENs or the "Crete Corridors") have outlets at the Black Sea ports of Odessa, Varna and Constanta.

34. During the Conference transport administrators submitted more than 80 proposals for adjustments, realignments and extensions of the nine Corridors, initially identified at the second Pan-European Transport Conference in Crete in March 1994, as well as a proposal for a tenth corridor.

The main branch of corridor X has been proposed as Salzburg-Ljubljana-Zagreb-Beograd-Nis-Skopje-Veles-Thessaloniki.

35. The development of a link between the Baltic Sea (Gdansk) and the Black Sea (Odessa and Constanza) through Warsaw and Kowel, of a rail link between the Baltic sea and the Northern shore of the Adriatic, as well as the inclusion of canal links to the Black Sea at Corridor V were discussed. These proposals were considered important for inclusion in the set of Corridors, but have to be further studied. The majority of the proposed corridor adjustments, with the exception of the new Corridor X, can be seen as elements of the future as trade and transport on Pan-European scale grow and Corridors will gradually extend eastwards.

36. It has also become apparent that in certain areas, particularly those surrounding or linked to sea basins, the corridor concept, based on the development of links between major activity centres, does not adequately address transport infrastructure needs. A more comprehensive approach, reflecting the complex structure of transport requirements in these areas, most of which are strongly influenced by the sea, therefore needs to be adopted. This complementary concept of Pan-European Transport areas was endorsed by the countries concerned. The proposed areas are:

- the Black Sea basin area
- the Mediterranean Basin Area
- the Adriatic/Ionian Seas Area,
- the Barents Euro-Arctic Area

37. It is intended that, in each of these areas, the countries concerned and the appropriate regional cooperation organisation should work on an infrastructure development plan and for its links with the Pan-European Corridors and the Union's Trans-European Networks as well as, where appropriate, eastwards to Central Asia.

38. This work should include a study of the possibilities for complementing the Pan-European Transport Corridors to ensure their greatest possible integration with the area in question. Work has already begun in the Mediterranean basin, on the basis of a draft report on priority multimodal Corridors and the Black Sea area, as well as in the Barents Euro-Arctic area.

39. Consultations among the countries concerned and the Central European Initiative should be undertaken to launch work in the Adriatic/Ionian Sea area. The European Commission and United Nations Economic Commission for Europe will support these processes as appropriate. Given the importance of the areas concerned, it is advisable that Memoranda of Understanding, on the same basis as for the Corridors, be concluded between the countries concerned.

40. The importance and use of the links between Europe and Asia are expected to grow. That is why the discussions suggested implementing the results of further examination in the Steering Committees and working parties of the relevant Corridors and Areas of the links:

- to the Northern Sea route;
- to the Trans-Siberian trunk line and its connections to East Asia;
- from Moscow to Novorossisk and to Astrakhan;
- to the TRACECA Transport Corridor Europe-Caucasus-Asia;
- to the Caspian Sea through the Volga-Don link, and
- to the Black Sea shore connections to the Caucasus, the Near and Middle East, and Central Asia,

41. Furthering Trans-continental links to all parts of Asia and the Pacific. The ongoing studies and projects currently underway (Europe-Asia, TRACECA) will serve as a basis for future

considerations; this would lead to a concise concept of the transport links between Europe and Asia on the Euro-Asian land mass.

42. A multimodal approach to corridor and area development should be adopted, with the aim of achieving sustainable mobility at pan-European level; making use of the comparative advantages of each transport mode in relation to the others. Such a multimodal approach would include internationally important airports and sea and river ports as connection nodes and feeding points between transport modes.

43. Governments are strongly encouraged to initiate and manage preparatory measures, aiming at identifying transport infrastructure projects of reasonable size, with appropriate economic efficiency and financial viability.

44. As border crossing points are still an obstacle for smooth transport operations, it is evident that the development of the Pan-European Transport Corridors and Areas should be accompanied by the solution of border crossing problems.

45. The set of ten Pan-European Transport Corridors (the nine Corridors identified in Crete and Corridor X) complemented by the four Pan-European Transport Areas (the Barents Euro-Arctic Area, Black Sea Basin Area, Mediterranean Basin Area and Adriatic/Ionian Seas Area) would meet the most urgent needs of trade and mobility of Europe's citizens across the continent. The interconnections between Europe and Asia are also gaining in importance.

46. Over the next 10 to 15 years a sufficient share of Europe's Gross Domestic Product will need to be devoted to Pan-European transport infrastructure development to ensure that an efficient transport network, capable of permitting sustainable mobility in and across Europe can develop. In this light, the allocation of 1 to 2 percent of each country's Gross Domestic Product should be earmarked for investment in infrastructure.

III. PROPOSALS OF THE MEMBER STATES

ARMENIA

47. Armenia gives a very particular emphasis to the railway system, hence proposals for the development and integration of the railways into the railway corridor of the European states and BSEC and TRACECA member countries are of special significance.

48. Geographically Armenia can become the connecting link between Turkey, Iran, Georgia, Azerbaijan and further up to the coast of the Persian Gulf and then to Central Asia. The railway Tbilisi - Alexandropol (Gyumri) - Kars is not functioning because the railway junction between Turkey and Armenia (Akhurian-Dogukapi) is closed.

49. At present Armenia has four railway junctions: two with Azerbaijan, one with Georgia and one with Turkey:

- Epax - Norashen (Azerbaijan) with the capacity of 13.5 million tons/year.
- Idzhevan - Kazakh (Azerbaijan) with capacity of 4.3 million tons/year.
- Airum - Sadakhlo (Georgia) with capacity of 8.2 million tons/year.
- Akhurian - Dogukapi (Turkey) with capacity of 6.0 million tons/year.

50. Up to 1989 maximum capacity of cargo transportation was about 37 million tons/year.

51. Akhurian - Dogukapi junction which is a good example of the integration of the transportation ties seems to be very attractive from the geographical and economic points of view. The railway

station of Akhurian has all the necessary equipment for handling with cargo and passengers cars and it is expected that after small capital investments of 400.000 USD will allow the overall transit capacity of the station to reach 150 cars per day or 4.1 million tons per year.

52. The main advantage of the Akhurian - Dogukapi junction will be the reinstatement of cargo transportation going from Europe through the IV Crete corridor via Kars to Akhurian and further southwards via Nakhichevan to Iran or Georgia, Azerbaijan and Central Asia. After putting into action all the existing railway junctions Armenia will be able to transit about 38 million tons of cargo per year.

53. If the railway ferry boat crossing Batumi (Poti) - Varna, Burgas, Ilyichevsk, Novorossiysk, Constantza with the transit capacity of 4-6 million tons is constructed, the Armenian railway road will be in full operation. So Armenia will be ready to participate in the construction of ferry boat crossings. Successful realisation of this project and usage of the railway ferry boat crossing in cargo transportation, for example on the route Ilyichevsk - Batumi, will allow to reduce the transportation cost of one ton of cargo from \$42 up to \$31.

54. For Armenia the conclusion of multilateral multimodal agreements is a very promising form of cooperation among the BSEC countries, as well as the establishment of joint dispatch and transportation ventures. The infrastructure and integration of transportation systems will be particularly effective if it contains the Black Sea basin and all eleven BSEC countries. On that respect the cooperation between TRACECA and BSEC has special significance and should be encouraged.

55. The idea of the creation of the "transportation circle" (that will connect the transportation systems of the EU countries, Eastern Europe, Central Asia and the Middle East) will also be a significant contribution in the process of integration of the transportation systems of the region.

56. During the Third Pan-European Transport Conference in Helsinki the Black Sea was recognised as one of the four "Pan-European Transport Areas". Armenia considers it necessary to organise the first meeting of the Pan-European Transport Area of the Black Sea in the level of experts.

AZERBAIJAN

57. According to the agreement between Azerbaijan and the Russian Federation, starting from the 4th quarter of 1997 the Baku-Grozny-Novorossiysk pipeline started to function with a capacity of 5 million tones annually, at the first stage. If necessary, this capacity will increase.

58. According to the agreement between Azerbaijan and Georgia, the Baku-Tbilisi-Supsa pipeline is under construction, as well as a terminal with oil carrying system in Supsa. The start of operations is scheduled in April 1999. During the first stage the capacity will be 5 million tones per year, and at the second stage it will reach 11 million tonnes.

59. At present negotiations are held with possible transit countries for export pipelines with capacity no less than 50 million tons annually. After the completion of negotiations, a final decision on pipeline route will be taken, followed by the establishment of the pipeline company and the arrangements for financing and construction, which will take approximately three years.

GREECE

60. Priority should be attached to the completion of the Pan-European transport corridors that cross the Black Sea region and, especially, to the vertical transport corridors IV and IX which end up at

the Greek ports of Thessaloniki and Alexandroupolis, respectively, as well as a direct road link between Ormenio and Burgas.

61. BSEC member states should be encouraged to proceed to the ratification and enactment of the 1965 International Convention of the Facilitation of International Maritime Traffic of the International Maritime Organisation, which Greece has already ratified and enacted into its legal system.

62. The following are the proposed priorities:

63. *Interconnection / integration of Pan-European road and rail network with the respective components of Trans-European Network / Greek section, leading to the ports of Thessaloniki and Alexandroupolis (corridors IV and IX).*

64. Aiming at this target, Greece is already promoting rehabilitation / upgrading works on road and rail links between Thessaloniki and Promachon (towards Sofia, Corridor IV), as well as between Alexandroupolis and Ormenion (towards Dimitrovgrad and/or Bourgas, Corridor IX, and/or direct road link between Ormenion and the Black Sea). The completion of the Trans European Priority Project No. 7 (via Egnatia and the Patras-Athens-Thessaloniki highway), as well as the improvement of the relevant rail components, are supporting and integrating Greece's national policy towards this scope.

65. *Interconnection of Black Sea Western Ports (Constanta, Varna, Burgas) with Northern Greek ports.*

66. The undergoing projects regarding the extension/completion/upgrading of Thessaloniki, Alexandroupolis and Igoumenitsa ports are serving this goal. It should also be underlined that there is a sound perspective for implementing a direct road link between Ormenion and Bourgas, according to the relevant agreement between Bulgaria and Greece in the framework of the TINA Network planning process establishing a comfortable, safe and relatively short routing between the ports of Alexandroupolis and Bourgas.

67. *Ferry interconnection between Western ports of the Black Sea (especially Bourgas) with those of Eastern Coast, aiming at the transport continuation in the Asian Continent.* Greece supports the efforts of the Black Sea littoral countries for the promotion of harbour works and improvement of existing ferry links.

68. It should be noted that Greece has signed trilateral frameworks of cooperation with between Bulgaria and Romania, as well as with Armenia and Iran. Furthermore, Greece is ready to supply know-how in the sector of the implementation of transport infrastructure projects by using public-private partnership schemes.

69. Particular importance should be given to the closer co-ordination of project planning and implementation, as well as to the intermodality of transport networks, as the vital means needed to achieve efficiency of investment on the one hand and sustainable and environmentally compatible mobility on the other. Furthermore, special attention must be paid to the environmental element as one of the most prominent ones in the process of transport integration. Therefore the use of transport modes which alleviate traffic congestion (such as short-distance navigation) should be promoted accordingly.

ROMANIA

70. Romania holds a key position in Central Europe at the cross-roads of the Pan-European Transport Corridors, namely:

- Corridor 4, going from Western Europe to the Black Sea and the Middle East along a West-East axis, and
- Corridor 9, connecting Northern Europe and the Baltic Sea with the South-Eastern part of the Continent and the Mediterranean basin along the North-South axis.

71. Moreover, Romania opens two gateways to the Black Sea- via the Constanza port and via the Danube-Black Sea Canal. The latter has cut short the Danube-Main-Rhine waterway between the North Sea and the Black Sea.

72. Also major amounts of oil and gas from Central Asia and the Caspian Sea region can be transported via the port of Constanza and hence, possibly, via the Constanza-Trieste pipeline, as well as via the Danube-Black Sea canal and main-Rhine waterway, over to Central and Western Europe.

73. The February 1997 the Final Report of the Balkan Transport Study clearly identified the preferential route for the corridors in the area; the best option and most fit to complete the European union's Trans-European Networks (TENs) interconnection with the Near and Middle East region, crosses Romania from the Romanian-Hungarian border in the West, to the Black Sea port of Constanza- via Bucharest- along some 800 km of the main part of Corridor 4; then it goes along the South-East link via the Bucharest Dimitrovgrad section of corridor 9, via the Dimitrovgrad-Istanbul section of corridor 4 and further on, along the "E" roads in Turkey to the Middle East.

74. A priority objective is to ensure uniform operation of the road infrastructure making up the network along Corridor 4 going from West to East as far as Constanza and Istanbul (including the in-between Bucharest-Dimitrovgrad section of corridor 9). The route of Corridor 4 crossing the Danube via the Western Romanian city of Timisoara going via Craiova and to Sofia was initiated in Crete in 1994, specifically in order to bypass the conflict area of Yugoslavia. This part of the route is no longer of a major interest, and construction of a new bridge across the Danube is not justifiable after reopening the Yugoslav route E77/80 and including it into the new Corridor 10.

75. Corridor 4 crossing Romania over to Constanza is the shortest way from Western Europe to the Black Sea, as compared to any other land route and is 1,000 km shorter than the one crossing Italy to the Adriatic Sea, along Corridor 8, from the Durres port in Albania, to the Burgas port in Bulgaria, or the alternative route via Egnatia across Greece and up to Istanbul.

76. Considering that the benefits of Pan European Transport Corridors and Areas are shared by both EU and BSEC countries, participation in the construction process should be international, as well. The common task to be solved by Romania and her neighbour countries is a rapid integration, before 2010, of their road infrastructure into the Pan-European road network. The programme of "E"-road rehabilitation is also particularly beneficial to all European countries, as it grants the access to this narrow zone of heavy and highly intense traffic. A major part of the rehabilitated routes coincides with the main corridors and is going to facilitate the traffic flow until the highways are built, since a long-lasting process requires major financial efforts.

TURKEY

77. In air transportation Turkey is currently in the process of privatising Turkish Airlines, estimated to be worth approximately \$ 4.5 billion. There should be a concerted effort to modernise the airports of the BSEC countries, and convert them to transit centres for routes to Europe and Central Asia.

78. In road transportation the route connecting Europe to Central Asia over the Central Europe-Budapest and Constanta, Tbilisi and Baku to reach Ashkhabad Dushanbe and Tashkent, as well as the route from Europe to Chisinau and Odessa are quite appropriate networks, as also agreed by the

European Union. While implementing some parts of these projects, the method of “build-operate-transfer” should be applicable where financial means are inadequate.

79. There is a number of problems related to road transportation that should take first priority. These include: (i) transit quotas, which are very low, (ii) toll collections, which on the other hand are very high, (iii) truck drivers’ visas, which are difficult to obtain, (iv) passenger transportation, which is restricted, and finally (v) customs formalities, which cause long waiting hours. Additionally there is a number of problems connected with the TIR carnets from CIS countries, which are not properly filled in.

80. In railway transportation the BSEC countries should start modernising infrastructure, in line with the developments in Europe, where train speeds now start from 150-200 km/h to reach 350-400 km/h. Turkey is currently working on the following projects:

- a) Turkey - Georgia (Kars-Tbilisi) railway project (duration 4 years, cost \$354 million), providing a link between Europe and Central Asia, and facilitating trade in oil, gas and cotton.
- b) Kars - Divrigi Signalling and Electrification Project (duration 4 years, cost \$160 million)
- c) Bosphorus Railway Tunnel Project (duration 4 years, cost \$650 million), that will provide an undisturbed connection for the rail transport between Europe and Asia and solve the traffic problem, of Istanbul.
- d) Rehabilitation project of the existing line between Ankara and Istanbul (duration 4 years, cost \$237 million), which will shorten the travelling time between the two cities.

81. In sea and river transportation considerable attention should be given to three lines, namely (a) the Black Sea over to Anatolia and then to central Asia, (b) the Black Sea- the Istanbul Straits- the Mediterranean Sea, and (c) Black Sea- Tuna water-line - Europe.

82. Perspectively, oil and gas can not be transported at this volume any longer through the Bosphorus, since this transport threatens Istanbul, an ancient city of 13 million which is the economic and commercial centre of Turkey. Particular attention has to be given to the preparation and adoption of effective measures that ensure ecological safety and security of life and property. Pipelines should be extensively used for this purpose in order to limit the volume of transport with special emphasis on the Baku-Ceyhan oil pipeline, which will transport Azeri and Kazakh oil to the Mediterranean. Other major relevant projects are the Djupga- Samsun- Ankara gas pipeline, a gas pipeline to bring natural gas from Turkmenistan to Europe, and a gas pipeline to connect Russia with Turkey and Israel.

IV. CONCLUSIONS

83. The development of economic, commercial and social relationships in the Black Sea region, largely depend on putting a modern transportation infrastructure at work. Transportation has played an enormous role in the history of the Black Sea, where for millennia the people living around the Black Sea region have traded and communicated with each other.

84. After the end of the division of Europe, transportation takes an ever more increasing role, since the ambitious goals of the transition countries will be met only if the infrastructure in the sectors of transportation, communications and energy will allow the flourishing of economic relations with the countries of their periphery.

85. In this respect it is very important that we are lately witnessing an all-European effort to create a transport system that will cover the whole area of Europe. The BSEC countries have proved their willingness to cooperate closely in presenting the joint proposals of the Black Sea region to the rest of Europe: proofs of this effort are the Ministerial meetings they conveyed with the Central

European Initiative countries, and with the TRACECA countries. These meetings outlined joint positions, which were later presented to the Third Pan-European Transport Conference in Helsinki, and had as a result the adoption of many BSEC proposals by the Conference.

86. Taking into account the vital role of transport in ensuring sustainable development in the BSEC region and the importance of elaborating national transport strategies of the countries involved, the BSEC Participating States should continue their efforts to interconnect the Black Sea region with the Trans-European Network and the Pan-European Network, as well as with the countries of Central Asia. Especially for Central Asia, the Black Sea region represents an important outlet for the transportation of oil and gas from the Caspian Sea region.

87. Conclusively, the end of this decade and the first years of the new millennium will be extremely critical in shaping the European transportation landscape of the next century. The Black Sea countries have to recognise that in this period of time they must coordinate their efforts in order to influence all-European decisions relevant to the transportation routes that will go through their territory.

88. Moreover this effort includes not only the construction of new routes, but also the rehabilitation of the existing networks, and the modernisation and harmonisation of the legal, fiscal, technical and institutional frameworks that govern all aspects of transportation. In this respect there is already a wealth of international experience that can be used in this modernisation effort: relevant international conventions exist, as well as the will of European and international financial institutions to assist with the massive funds necessary for the establishment of modern infrastructures, and frameworks pertaining to their operations.

89. The Black Sea countries should continue cooperating towards this direction in order to promote sustainable efficient transport systems which will meet the economic, social, environmental and safety needs of the Black Sea citizens, will help reduce regional disparities, will contribute towards the goal of establishing a BSEC free trade area and above all will enable Black Sea businesses to compete effectively in the European and world markets, therefore contributing to the welfare and prosperity of the peoples of the Black Sea region.