

---

# Armenia, Iran Agree On Ambitious Rail Link

By Emil Danielyan

RFE/RL Armenia Report - 3/4/2009

---

Armenia and Iran on Friday formalized their plans to construct a railway that would connect the two neighboring countries and significantly boost economic cooperation between them.

The Armenian and Iranian ministers of transport signed a preliminary 'memorandum of understanding' to that effect after talks in Yerevan. They said the final version of the document will be signed during President Serzh Sarkisian's upcoming visit to Tehran.

The ambitious project has for years been discussed by the Armenian and Iranian governments. Sarkisian declared its implementation a top economic priority shortly after taking office in April last year.

Iran's Minister for Roads and Communication Hamid Bihbahani said at the signing ceremony that work on the 470-kilometer rail link, the bulk of it passing through Armenian territory, will take at least three years and cost up to \$1.2 billion. Bihbahani said the two governments hope to attract much of the required funding from the World Bank and the Asian Development Bank (ADB). The Armenian side is optimistic about the success of its ongoing negotiations with the two lending institutions, he added.

The ADB agreed late last year to provide \$1.5 million for feasibility studies on the project. According to Armenian Transport and Communication Minister Gurgen Sargsian, an ADB delegation will arrive in Yerevan soon to discuss details of the study and the Manila-based bank's possible involvement in the railway's construction. Sargsian told journalists that Russia has also expressed an interest in financing it.

The lack of a rail link between Armenia and Iran is seen as a major hindrance to the development of Armenian-Iranian trade, which amounted to a relatively modest \$226.6 million last year. It also complicates the use of Iranian territory in Armenia's transport communication with the outside world.

The matter was high on the agenda of Iranian Foreign Minister Manouchehr Mottaki's March 13 talks in Yerevan with Sarkisian. According to the Armenian president's press office, the two men attached 'particular importance' to the planned railway and agreed that its construction would have far-reaching implications for the entire region.

---