
Azeri Georgian Officials Discuss Railway Project.

Civil Georgia, Georgia

12/1/2007

Top officials from Azerbaijan and Georgia gathered in Tbilisi on January 12 in an attempt to finalize a deal on the construction of the Baku-Akhalkalaki-Kars railway, which will link Azerbaijan to Turkey via Georgia.

Azerbaijani Transport Minister Zia Mamedov and head of Azerbaijani Railways Arif Askerov are leading the Azerbaijani delegation, which has already met with Georgian Prime Minister Zurab Nogaideli.

'This is a strategic project for us,' Georgian Economy Minister Giorgi Arveladze, the who is also participating in the talks, told reporters on January 12.

'I think we will have no problems and the results [of talks] will be known by the end of the day. I do not think there will be problems with financing [the project] - the Azerbaijani side is ready to finance it,' Zia Mamedov, the Azerbaijani Transport Minister, told reporters.

Georgian officials say that current talks will focus on the terms of USD 220 million credit that Azerbaijan is ready to give Georgia for 25 years.

Reports about the total cost of the project vary from USD 400 million to USD 600 million.

The presidents of Azerbaijan, Georgia and Turkey signed a joint declaration on May 25, 2005 in Baku over the construction of railway.

The project involves the construction of a railway link between the Turkish town of Kars and Akhalkalaki in southern Georgia. In addition, the rehabilitation of a portion of the railway on Georgian territory will also be need to be completed.

Armenia is against the Baku-Akhalkalaki-Kars railway, claiming that the project will further isolate the landlocked country. As an alternative, Yerevan is pushing for reopening the already existing Kars-Gyumri-Tbilisi railway. The Kars-Gyumri railway is currently not operational because of trade blockades imposed on Armenia by Turkey and Azerbaijan.

U.S. President George W. Bush signed into law on December 20 the Export-Import Bank Reauthorization Act of 2006, which bans the U.S. Ex-Im Bank from financing the construction of the Baku-Akhalkalaki-Kars railway.

'The Bank shall not guarantee, insure, or extend (or participate in the extension of) credit in connection with the export of any good or service relating to the development or promotion of any railway connection or railway-related connection that does not traverse or connect with Armenia and does traverse or connect Baku, Azerbaijan, Tbilisi, Georgia, and Kars, Turkey,' the Act reads.
