

Report

13th Meeting of the Heads of ECO Railway Authorities/7th Meeting of Railway Committee of TTCC (Baku, 17-18 April 2017)

The 13th Meeting of the Heads of ECO Railways Authorities/7th Meeting of Railway Committee of TTCC was held in Baku, Azerbaijan, from 17-18 April, 2017. The high-level delegations from ECO Member States, except Uzbekistan, attended the meeting. A delegation from the People's Republic of China also attended the meeting on special invitation of the ECO Secretariat. The international organizations i.e. IDB, ECO-TDB, UNECE, UNESCAP and OTIF were also present and contributed to the Meeting. A delegation from ECO also participated in the meeting. The list of participants is attached at **Annex-I**.

Agenda Item No.1

Inauguration of the Meeting

2. His Excellency Mr. Iqbal Huseinov, Deputy Chairman of Azerbaijan Railways, Republic of Azerbaijan delivered the inaugural statement. At the outset Mr. Huseinov welcomed the delegates from ECO Member States and the International Organizations to Baku. He informed the audience that in recent times Azerbaijan Railway has made a lot of progress which includes renewal of railway freight and rolling stocks, opening of new routes, purchasing new locomotives of new generation etc. He further informed that the Azerbaijan railway has also achieved headway in terms of logistics. He emphasized that Azerbaijan is part of biggest transport projects in the ECO region. He informed the Meeting that in the course of previous month, Baku has hosted many events in the field of transport including meeting with Uzbekistan, Kazakhstan, Georgia and Ukrainian railways. He described the completion of the missing segment of Azerbaijan (Astara), Iran (Astara) as vital and that Iranian colleagues are in negotiations with the representatives of Azerbaijan railway for allocation of loans to construct the missing railway segment. At the end, he hoped that all issues highlighted in the agenda of the meeting will be settled and that the outcome will be mutually beneficial for all the ECO member states.

3. At the outset, Mr. Ahsan Ali Mangi, the Deputy Secretary General of the ECO Secretariat expressed gratitude to the Republic of Azerbaijan in general and His Excellency Mr. Iqbal Huseinov, Deputy Chairman of Azerbaijan Railways in particular for hosting the Meeting. The Deputy Secretary General also thanked delegates of the ECO Member States and representatives of IDB, ECO-TDB, UNECE, UNESCAP and OTIF for attending the meeting. He especially welcomed and thanked the distinguished delegation of the People's Republic of China for accepting ECO's invitation.

4. The Deputy Secretary General informed the meeting that the ECO Vision 2025, adopted by the Heads of the Member States at their recent ECO Summit, held early March in Islamabad, sets far reaching objectives to double intra-regional trade, increase share in global trade and tap regional trade potential for economic growth. He further stated that the ECO Vision 2025 calls for maximizing connectivity, mobility and accessibility by making major ECO transport corridors commercially viable and

operational. He also updated the meeting regarding headway achieved in rail corridors i.e. commercialization of KTI rail corridor, Qazvin-Rasht-Astara (Iran)-Astara (Azerbaijan) railway, KTAI and ITI Container Train. In the end the Deputy Secretary General expressed hope that the presence of the ECO member states, the international organizations, and also Chinese colleagues will provide excellent opportunity for constructive dialogue and formulation of fresh ideas on the ways forward. Copy of the statement in respect of Mr. Ahsan Ali Mangi the Deputy Secretary General of the ECO is attached at **Annex-II**.

Agenda Item No. 2
Election of the Chairman

5. His Excellency Mr. Iqbal Huseinov, Deputy Chairman of Azerbaijan Railways was elected as the Chairman of the Meeting.

Agenda Item No. 3
Adoption of the Agenda

6. The Meeting adopted its Agenda as proposed by the ECO Secretariat. A copy of the agenda is attached at **Annex-III**.

Agenda Item No. 4
Appointment of the Drafting Committee

7. An open-ended Drafting Committee was appointed to prepare the Report of the Meeting.

Agenda Item No.5
Statements/Country reports

8. The participating delegations delivered statements/presentations on the latest developments in the railway sector since the 12th meeting of Heads of ECO Railway Authorities (Tehran, May 2015). Copies of the statements/presentations are attached as **Annex-IV**

Agenda Item No.6
Statements of the international organizations on the relevant rail related activities.

9. The representative of UNESCAP gave presentation of Regional Cooperation Framework for Facilitation of International Railway Transport that was adopted by ESCAP members through Commission Resolution 71/7. He informed the meeting about the implementation of project on harmonization of rules and regulations for facilitation of international railway transport. Under the project two studies are being done, one on enhancing efficiency at railway border crossings and other on having common technical and operational standards and practices along selected railway corridors. The information on these studies is being collected and UNESCAP would organize two expert group meetings and a regional meeting over next year to finalize these studies. He further informed that draft studies would be shared with ECO Secretariat with a request to have the views and comments of ECO member states.

10. The representative of OTIF and UNECE also gave presentations. Representative of Chinese delegation delivered a statement on the transport developments in their country. The copies of presentations/statement are attached at Annex-V.

Agenda Item No.7

Review of the decisions made in the previous Meeting and the implementation of Railway provisions of TTFA

11. The representative of the ECO Secretariat informed the meeting that since last meeting Afghanistan has joined UIC and OSJD. He further informed that Azerbaijan and Pakistan have acceded to COTIF. The meeting was informed that the ECO Secretariat has published updated maps of road and rail in 2015 and next updated edition will be published in 2018.

Agenda Item No.8

An interactive session/dialogue between ECO Member States and the People's Republic of China.

12. A representative of the Chinese delegation delivered a detailed presentation on "Development Plan and Key Projects of China External Railway Corridors". A copy of the presentation is attached at Annex-VI.

13. After presentation a question and answer session was held during which the ECO member states raised certain queries e.g. time frame of corridors mentioned in the presentation, break of gauge envisaged in the studies conducted by Chinese side on various routes etc., which were satisfactorily answered by the Chinese delegation. The Chinese delegation clarified that they will use standard gauge as concerns KTAI Corridor.

Agenda Item No.9

Discussing the status and considering expeditious implementation of the ECO's activities/projects in the field of railway in the ECO region:

14. Enhancement of regional cooperation in the field of railways is among priorities of the ECO. Accordingly, six major railway projects are being coordinated by ECO through the working groups established for this purpose. The Meeting discussed the status and concrete actions being taken by the concerned authorities of the Member States to operationalize/commercialize the projects listed below:

i) The ECO Container Trains on Istanbul-Almaty and Bandar Abbas-Almaty routes

15. ECO Secretariat explained that the 12th meeting of ECO Heads of Railways Authorities/6th Railway Committee of TTCC (Tehran, May 2015) had welcomed the decisions of the 1st HLWG meeting on Istanbul-Almaty and Bandar Abbas-Almaty routes (Tehran, March 2014) for taking measures to facilitate regular and smooth functioning of the train services. The Islamic Republic of Iran had proposed to reduce tariffs along these routes and consider unified tariff for attracting private sector. Accordingly Kazakhstan had highlighted the availability of considerable volume of cargo for transit along these two routes and stated that these routes are

the shortest routes for connecting Central Asian countries to Europe and open-seas and had proposed to extend this route up to China with reduced tariff rates supported by Iran.

16. During the 13th Meeting, The representative of Kazakhstan informed the meeting that among other issues impeding the operationalization of the Almaty-Istanbul corridor are the issues like tariff reduction and the low volume of goods.

17. The representative of the Islamic Republic of Iran informed the meeting that for resolving the issue of tariff, the working group has not yet come up with a solution to the issue.

18. The representative of the Republic of Turkey informed the meeting that Istanbul-Almaty train traffic is open and sometimes this train is loaded with goods for Almaty as final destination. However, there are many problems for customers, i.e. long transportation time and issues in the border passage. The travel time for the train is 15 days which is long. Some technical issues are also impeding the regular operationalization of the train. A common competitive tariff as per standards of international transport market can make this corridor effective and customer friendly. TCDD gives its customers the opportunity to use the facility of transportation from other cities of Turkey like Mersin and Izmir apart from Istanbul. The numbers of goods originating centers have been increased. The main problem of this corridor is the lack of collaboration among the en-route member states. The competitive tariff will attract attention of customers and subsequently make the route more active and vibrant.

19. The representative of Turkmenistan stated that the most complicated issue on this particular route is rolling stock. He further stated that Turkmenistan is ready to provide Kazakhstan platforms at Serakhs to reload from Iranian platform. He informed the meeting that a test run can be initiated in May, June.

20. The meeting called for the involvement of business community and chambers of commerce and that there is a need to conduct commodity as well as trade flow analysis. It was also mentioned that awareness in terms of tariff and freight is lacking among stakeholders. The business community is not aware of the decisions taken in the meetings of the corridor. It was further mentioned that there is no issue of traffic on the corridor, only a marketing plan for the corridor is required.

21. After detailed deliberations, the meeting proposed that 2nd HLWG meeting on the route may be convened to resolve all outstanding issues. The Chinese delegation may also be invited for the meeting. The meeting further proposed that a business study may be conducted to assess the commercial viability of this corridor including the freight availability in both directions around the year as well as competitive tariff determination. It was stressed by the Meeting that the outcome of the Study may be preferably presented to the next Meeting. The Meeting asked the Secretariat to secure the financial means to that end by requesting the CPR an amount of 25000 US dollars.

22. Turkmenistan supported the idea regarding the extension of these routes up to China and stated that a consensus on tariff issues needs to be reached between enroute countries in the Working Group Meeting.

23. The meeting welcomed the idea of extension of two routes up to China. The meeting also discussed ways and means to make the routes functional.

ii) *The ECO Container Train on Islamabad-Tehran-Istanbul route.*

24. The meeting was informed that the 12th meeting had welcomed the decisions of the 8th HLWG meeting on ITI train (Tehran, March 2014) on revised 15.5 days running travel time. The information on tariffs together with the fees for ferry boating (Turkey) and the reduced tariff rates (Iran) including the transshipment costs at Zahedan Station were circulated among the enroute countries.

25. The meeting was briefed that Pakistan's Ministry of Railways was visited by ECO delegation in November 2015 *inter alia* to get clarifications on the situation with the halt of train services. Accordingly, ECO was informed about Pakistan's willingness to arrange the rolling stock and make other requisite arrangements subject to the realization of the indicated role of BALO, Turkish Logistic Company, according to which, BALO would help generating commercial cargo and sustain regular operations for a period of six months from the start of the first train services. Noting the importance of BALO for resumption of train services, Turkey was asked by the 27th RPC (Tehran, December 2016) to invite BALO for the 9th HLWG on ITI route to be held in Islamabad on 17th May 2017.

26. The representative of the Islamic Republic of Pakistan informed the meeting that historically the ITI container train route is part of Silk route and a successful run of ECO ITI container train on this route between 2009 and 2012 occurred. However, later on, the businessmen/traders were discouraged to use the corridor due to a number of issues e.g. long time and infrastructure related issues. He further informed the meeting that Pakistan has improved its railway infrastructure in terms of rolling stocks. Pakistan has increased the number of high capacity wagons from 450 to 630. Purchase of 800 more wagons is in planning stage. It was further informed that the Government of Pakistan has procured new locomotives of higher motive force of 4500 horsepower. The representative of Pakistan informed the meeting about problem of infrastructure between Quetta – Zahidan segment, with speed limit from 30-40 kilometers. He mentioned that however, this issue will be resolved once CPEC is in place. It was informed that Feasibility Study of Quetta Taftan section is being undertaken in addition to upgradation of the section through investment of international/local financing on BOT basis. He also informed that Pakistan is hosting 9th HLWG meeting of ITI container train on 17 May, 2017 in Islamabad and welcomed all the stakeholders hoping that the outcome of the meeting will be beneficial for the whole region.

27. The representative of the Republic of Turkey informed the meeting that in 2012 the heads of railways of enroute member states decided to resume the train service. Marketing studies were conducted for having goods for the train. TCDD arranged a meeting with 230 freight forwarders in Turkey. It was further informed that communications were made with other stakeholders of the train, port companies and freight forwarders. However, despite all these efforts, Pakistan railways could not arrange goods for the train and because of this situation Turkish side stopped work and study on the container train. The representative of Turkey agreed with Pakistani representative in terms of reduction of travel time of container train. However, he stated that the problem of travel time is because of Pakistani territory and Pakistan should take measures to resolve this issue. The Turkish representative informed the meeting that Turkey is ready to take all the measures in order to operationalize this corridor.

28. The representative of Islamic Republic of Pakistan responded that Pakistan has new locomotives which are being used on main corridors. He further stated that initially in Turkey and Pakistan only the public departments were involved in the project. However, Pakistan rightly

involved private, business community in the project and the involvement of BALO is one of the efforts to resolve the issues. The 9th HLWG meeting will be a breakthrough, where all enroute member states and private partners will chalk out strategy to resolve the issues.

29. The representative of Turkey stated that the major obstacle in functionalization of this corridor is weak demand. The ECO Secretariat was requested to conduct a feasibility study on this corridor as proposed for Istanbul-Almaty and Bandar Abbas-Almaty routes.

30. The representative of the Islamic Republic of Iran stated that when 29 humanitarian trains were successfully dispatched to Pakistan, it was proved that when there is a will, we may do it and called for enhanced will and motivation on part of the enroute member states for functionalization of this corridor.

31. The representative of the Secretariat welcomed/encouraged the participation of international partners in the 9th HLWG meeting of ITI container train. He further informed the meeting that a meeting of chamber of commerce of the enroute countries was held on the marketing issues on this corridor.

32. The meeting appreciated the efforts of Pakistan and Turkey in terms of infrastructure development and hoped that the 9th HLWG will come up with fruitful outcome to resolve the issues impeding the functionalization of this corridor.

33. The representative of the Islamic Republic of Pakistan briefed the meeting regarding preparatory measures for the upcoming 9th HLWG on ITI corridor. The representative of Islamic Republic of Iran and Republic of Turkey also informed the meeting about their readiness to participate in the meeting. The representative of Republic of Turkey also assured about the participation of BALO.

iii) Qazvin-Rasht-Astara (Iran)-Astara (Azerbaijan) Railway Project:

34. At the outset, the chairman informed the meeting about the previous two HLWG meetings, held in Baku and Tehran respectively. He informed that in the first meeting, details on construction of this railway route were discussed. In the second meeting, held in Iran, the participants got acquainted with the construction site. The chair appreciated construction works carried out by the Iranian side in the short span of two years. Azerbaijan has completed the construction of Astara station. On this route there is a river and a bridge has been constructed on the river. On the territory of Azerbaijan railway link of 8.3 kilometers is finalized. A distance of 1.4 kilometers will be leased to Azerbaijan on Astara (Iran) for construction. As regards the Rasht-Astara segment of Iran, negotiations are ongoing with Azerbaijan side to finance this project jointly. He further informed about the documents ratified by Azerbaijan in this regard e.g. acceptance on travel of wagons between two states, instructions regulating the accepting and travel of wagons etc. It was further informed that this ECO initiative has been accepted in high esteem and work on this corridor is being carried out at a high pace by both stakeholders.

35. The representative of the Islamic Republic of Iran informed the meeting that 95% infrastructure work and 74% super structure work at Qazvin-Rasht has been completed. He expressed hope that the segment will be inaugurated within two months period. As regards Rasht-Astara the Presidents of the two countries held negotiations about 45 days ago and agreed to realize this project. Ministry of Economy of Azerbaijan and Ministry of IT of Iran have agreed on co-financing the project. He further informed that this project can be competitive in future for

other railway connections. The Iranian delegate requested for a meeting with the Azerbaijan side on the operational aspects. He further informed that Iran has reduced transportation price up to 50%, as a result of which China and Pakistan can consider the route as a financially viable one. As regards the potential of the corridor it can carry out more than 10 million tons per year.

36. The representative of Iran informed the meeting that at Astara (Iran) 35 hectares of land was proposed for leasing to Azerbaijan side for construction of required terminals.

37. The ECO Secretariat asked about the estimated construction time and cost for the Rasht-Astara segment.

38. The representative of Iran informed the meeting that alignment of the route Rasht – Astara (Iran) is 164 kilometers. The construction time will be about 4 years. The project cost is about 1 billion US\$. The estimated amount includes US\$ 500 million for land acquisition and US\$ 500 million for construction of the project.

39. The Iranian representative informed the meeting that before starting this project they have done some operations to absorb different loads. Iranian side held meetings with Russia, Azerbaijan and India and all the parties agreed on tariff and time table on this route. Iran also held meeting with Ukraine, Georgia, Azerbaijan and India in order to negotiate about the tariff and time table. All the mentioned countries agreed on time table and tariff.

40. The meeting appreciated the work done by involved stakeholders and asked Iran to consider hosting the 4th meeting of the HLWG on Qazvin-Rasht-Astara (Iran)-Astara (Azerbaijan) Railway. The Iranian delegate agreed to the request. Accordingly, the ECO Secretariat was requested to liaise with the involved stakeholders to fix the date of the next meeting within three months in coordination with the host and Azerbaijan.

iv) *Construction of railway connecting China and Europe through Kyrgyz-Tajikistan-Afghanistan-Iran (KTAI)*

41. It was reminded by the Secretariat that the 12th meeting of Heads of the Railway had been informed that the Feasibility Study in the territory of Tajikistan has been completed by the Iranian Engineering Company (METRA).

42. 26th RPC (Tehran, December 2015) was reported that the feasibility study in the Kyrgyz territory is being conducted by Chinese Company and expected to be completed in 2016.

43. 27th RPC was reported about completion of Sangan-Khaf segment of Iran, which is a part of KTAI, and its inauguration happened in September 2016. Afghanistan informed about completion of the feasibility study for the segment between Heart and Mazere-Sharif whereas the study for the segment from Mazare-Sharif to Kunduz is in the progress.

44. During the 13th Meeting, The representative of the Islamic Republic of Afghanistan informed the meeting that a considerable portion of this corridor i.e. 1000 kilometers is inside the territory of Afghanistan. The pre-feasibility and feasibility study from Sherkhan Bandar to Mazar-e-sharif is completed. The study from Mazar-e-Sharif to Shibargan is also completed. Afghanistan is in discussion with ADB and other agencies to fund construction works. From Shibargan to Herat around 460 km pre-feasibility study has been completed and feasibility studies are being planned for 2017. Segment Khaf-Heart (150 KM) is divided into 4 segments,

two of which being in Iran, and the other two segment being in Afghanistan. First three segments has been agreed to be done by Iran,. So far, first two segments have been completed and the third segment in the territory of Afghanistan (62 KM) is expected to be completed by end 2017. Segment four (87KM) pr-feasibility and feasibility studies are almost completed and construction works are expected to start either late 2017 or 1st half of 2018.

45. The representative of Kyrgyz Republic informed the meeting that in 2015 an expert level meeting of the ECO enroute member states (Kyrgyzstan, Tajikistan, Afghanistan and Iran) was held, during which the stakeholders signed a protocol and considered the issue of providing financial assistance to Kyrgyz Republic for the feasibility study in the territory of Kyrgyz Republic.

46. The representative of Tajikistan informed the meeting that Iranian company has done feasibility study in Tajikistan and the segment is fully covered by the feasibility study.

47. The representative of the Islamic Republic of Iran informed the meeting that a protocol was signed in Kyrgyzstan involving the enroute member states. Negotiations were supposed to be held with China. The information was shared with the Chinese side. This route between Europe and China is approximately 2000 kilometers shorter. He further stated that Kyrgyzstan is the only enroute country with no feasibility study done as yet. The representative of Kyrgyz Republic confirmed the point. He called for another meeting of the working group. Iran expressed ready to host a Ministerial meeting on the issue in Tehran (within 6 months). The issue of financing can be discussed at the level of Ministerial Meeting and the Working Group. The Iranian delegate requested involvement of China in the issues related to this corridor. The ECO Secretariat was requested to follow up the issues with the stakeholders and Iran indicated that it is ready to host Ministerial and Working Group meetings of this corridor within six months.

48. The meeting was informed that during the ministerial meeting of UNECE inland transport committee (ITC) held on 21 February, 2017 in Geneva, a sideline meeting was held between Minister of Roads and Urban Development of Islamic Republic of Iran, Minister of Transport of Afghanistan and Vice President of IDB on possibility of co-financing the segment within Afghanistan from Herat to Iran border. During the meeting the Iranian side suggested to host trilateral meeting of Iran, Afghanistan and IDB to consider the possibility of co-financing. The Meeting suggested ECO-TDB to join the process too.

49. The meeting was briefed on the latest developments in the territories of the enroute countries. The delegation from the People's Republic of China also briefed the meeting on the activities and plans for the route.

50. The meeting appreciated the progress made by the enroute member states. The meeting requested Chinese delegation to share its expertise with the enroute member states in order to make this route functional.

Agenda Item No.10

Briefing on the latest developments on commercializing the railway between Kazakhstan, Turkmenistan and Iran;

51. The meeting was informed that the 12th Meeting of Heads of ECO Railway Authorities (Tehran, May 2015) expressed satisfaction with inauguration of the railway and an informal trilateral meeting on KTI route was held in the ECO Secretariat on the sidelines of this Meeting

which stressed the need for strengthening cooperation between enroute countries and the need for agreeing on competitive tariffs noting the availability of considerable volumes of cargo from China via this route.

52. With the prospect of developing a replicable model of corridor management via translating the present status of “random operation” of the corridor” into a “regular run”, ECO came up with a “draft plan of commercialization” via formulating a concept of the project and approached IDB for support to help ECO organizing efforts of the en-route countries towards this end.

53. The concept of the Project was also shared with the enroute countries and subsequently the support for this initiative was received during the missions and meetings with the senior railway officials of the enroute countries in 2016.

54. The ECO representative briefed the meeting on the outcome/ decisions of the meeting of KTI Heads of Railways, held recently on 6th February 2017 and the next actions on the Project.

55. The meeting was informed that in line with the decisions of KTI heads of Railway Meeting of 2017, the consultation between ECO Secretariat, UNESCAP and IDB is ongoing to finalize initiation of the agreed “regional consultancy” by the deadline. The Meeting expressed its appreciation to IDB and UNESCAP for their support to ECO initiative and requested them to continue their support and contribution to the project.

Agenda Item No.11

Joint IDB/UNECE Initiative on Transport GIS Application for ECO Member States

56. The IDB representative briefed the meeting about the major outcome of the Joint IDB/UNECE Initiative on Transport GIS Application for ECO Member States. A copy of the presentation is attached as **Annex-VII**.

57. The meeting took note with appreciation the presentation made by the representative of the IDB on the first phase of the joint IDB/UNECE project on Transport Geographic Information System (GIS) covering all ECO member states. The meeting requested inclusion of ECO transport maps in the GIS initiative. The meeting requested member countries through ECO Secretariat to nominate national consultants/focal points for contribution to GIS initiative. The member states were also urged to provide necessary information/data and to actively participate in the meeting to be organized by IDB/UNECE under this initiative. The meeting requested IDB to support the ECO Secretariat in terms of capacity building regarding GIS application.

Agenda Item No. 12

Any other business

58. No issue was discussed under this agenda item.

Agenda Item No.13

Dates and Venue of the next Meeting

59. The meeting proposed ECO Secretariat to liaise with the Member States in order to determine dates and venue of next meeting.

Agenda Item No.14
Adoption of the Report

60. The Meeting considered and adopted its Report. The final report of the Meeting will be submitted for consideration and approval of the TTCC.

Agenda Item No.15
Vote of thanks and closing of the Meeting

61. The participating delegations offered a vote of thanks to the host country and the ECO Secretariat for holding the meeting.

The Chairman of the Meeting announced the closing of the meeting.