



THE ROLE OF TRANS-ASIAN RAILWAY FOR UZBEKISTAN

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Abstract

As a double land-locked country Uzbekistan craves for any additional opportunity to have extra more transport infrastructure in order make both export and import process easy and cost-effective. It is clear that Soviet transport legacy that was designed in a Moscow-centric manner is not sufficient at all for satisfying country's wider and diverse needs in transportation, e.g. more comfortable access to sea ports. The Trans-Asian Railway project that in its very sense assumes connecting almost all countries of such a huge continent as Asia, including Uzbekistan, with each other on the one hand and with Europe on other, means a lot for this young nation that is actively growing with average GDP growth of %7 a year and intensive attraction of foreign direct investments.

Keywords: railway, trans-asian railway, transport infrastructure, investments

The rail road itself is indispensable when it is necessary to transport a large scale, heavy cargo into long distances. For that kind of needs it the best choice for transportation because it gives more stability to and predictability in terms of delivery time and schedule because it is least vulnerable type of transport upon weather influence, it is well done organized and designed so that it very clear how it functions, it is also convenient because it has got way higher speed of delivery than sea shipping, makes it more cost efficient and overall much flexible in terms of charging especially for large-scale customers, it much better suit and overall capable to deliver a very heavy and bulky cargos that might too challenging for trucks, it also much safer to use railways because it has got least chances to endure any kind of accidents, and many more.

Uzbekistan has got relatively well-developed transport infrastructure in general. The major portion of the transport infrastructure is a legacy of Soviet Union and needs to be properly improved, reconstructed and modified. From the time of independence Uzbekistan made a lot attempts to rebuild and modernize it transport infrastructure. The recent and largest of them is a complex of measures that are undertaken as enforcement of Decree of President of Republic of Uzbekistan "On Rapid Development of Infrastructure of Transport and Communication Construction for 2011-2015". In accordance to this document there carried out large-scale construction, reconstruction and modernization jobs of all types of transport infrastructure, including automobile roads, airports, railways, logistics centers and others, with overall budget equal to \$7 billion. The funds came from national budget of Uzbekistan, Republican Road Fund, soft loans of international development banks, e.g. Asian development bank, and other sources.

At the moment Uzbekistan has got more than 7,000 km of railways, out of which 4,600 km are actively used, 183,000 km of paved roads, out of which 42,500 km are regular highways, including 3,200 km of international motorways, almost 50 airports, including 33 with paved truck and 8 with 3,000 m tack, one river port. Railways transportation is a main facility through which export and import of Uzbekistan is taking place, accruing %75 of all transportation, but making only %20 domestic transportation of cargo. Meanwhile,

automobiles are accruing %25 of export and imports affairs and %80 of all domestic cargo transportation. This entire infrastructure is under constant improvement and modernization, in order to make capable to meet dynamic and stably growing Uzbek economy. Although, there is a not bad quality and volume of transportation infrastructure in Uzbekistan, it is not sufficient and adequate to meet its own needs and let alone meet the need of other countries that traditionally were considering Uzbekistan as transportation partner, e.g. Tajikistan, and more over those who are potential partners, e.g. China.

The project of Trans-Asian Railways was originally proposed by United Nation Economic and Social Commission for Asia and the Pacific starting 1950s. In its blue-print version Trans-Asian Railways was designed to connect Istanbul in its most western edge on the one hand and Singapore, at that moment still a part of British Empire, in its eastern edge on other hand, with prospects of connecting it further with European and African railways. The original idea was economically quite attractive due to insufficient level of development of air and sea ships. But, because of political difficulties between some partner nations, Cold War, development of sea transportation and other factors Trans-Asian Railways was delayed in its realization for long decades. Only starting 1990s it become truly feasible to full-fledged accomplish this great project. Most of the rail roads that supposed to become a part of Trans-Asian Railway project are already existing and functioning for purposes of both domestic and international trade. The filling in the remaining gaps is rather issue of political will and relatively modest investment. The main gap that is relevant for Uzbekistan is a gap existing between Kyrgyzstan and China, and also a gap at Lake Van between Turkey and Iran. Since the agreement between all nations involved in project is reached and respective documents are signed, we all can expect a great land bridge connecting vibrant countries of Asia with each other, as well as with Europe.

As for scientific framework into which I would like to put the project of Trans-Asian Railway and within which I would like to see the impact of this enterprise for Uzbekistan is the theory of eminent British economics scientist and innovator John Maynard Keynes¹. During Great Depression that hit US in



1930s in order to overcome the implications of this crisis as effectively as possible, besides other measures like promoting consumption expenses and having more flexible monetary policy, he suggested to make more investment into basic funds construction and first of all to invest into construction of automobile roads, that as he inferred it will not only contribute into creation of new more job places, that is of course an important issue, but also induce GDP growth and create further more potential for companies. I believe that every infrastructure project must first of all be assessed by its impact on GDP and raise of competitiveness of economy. Very close to this idea theory was offered by another economist scholar, yet not as much famous, Johann Heinrich von Thünen², that was describing economic theory that later took name “Spatial economy”. Spatial economy is a direction of economic thought that gives an empirical explanation of relationship between transport infrastructure on the one hand, and spaces between factors of production as labour, land, machinery, capital, know-how, talents, raw materials, sales markets and others. As long as there is as less space between production means and markets, we can expect high utilization of all resources. And vice versa – scattered resources are not feasible for putting them together for production and sales because of high cost accrued due to transportation of all elements.

Economic impact expectation so far about realization of Trans-Asian Railway is very optimistic, yet no certain figures are announced. The authorities of Uzbekistan are eager to show any possible support to this project. Uzbekistan already facilitated in construction of a part of Afghanistan section of Trans-Asian Railway, because it will further open opportunity for Uzbek exporters to reach Iranian port Bandar-Abbas through Afghanistan. The realization of analogous infrastructure projects indicates that they are contributing into about %1 growth of GDP not only 5 to 10 years after putting the object into operation but also even a year or more before it started working. It is because the implementation of the project itself without or before it started giving its “fruits” it contributes into economic development due to an extraordinarily big scale of work carried out for project, capacities used to produce materials and others. This project is also likely to become an important factor of growth of Uzbek economy that might be at least estimated into approximately %1 a year. It includes both charges of Uzbek Rail Roads company for transition and official transit tax, and more foreign direct investments into projects that are becoming feasible with successful accomplishment of project and products produced thanks to these new investments, as well as extra output of already existing production facilities. In general economy will become more flexible in terms of transportation, efficient for production and delivery, and as a result more competitive and attractive for investments, and that all will spur business activity. However there is one more dimension to this tremendous project than simply economic. I am talking about its political dimension. There is probably no great economical event that

would not involve politics around it. It is no secret that in former soviet republics that mostly organized under framework of Commonwealth of independent states the political issues are dragging a big attention and political implications of many initiatives are calculated before other aspects of projects are considered. These countries are in transition stage, a half-way from becoming full-ledged market economies and democracies. Here we can say that we all have a game with exclusively positive outcome for every party. This project will much contribute into strengthening of the relationships between Uzbekistan and its Central Asian neighbors. These bonds were tested a lot and suffered serious challenges. Trans-Asian Railway project will put together nations of Central Asia more closely and bigger states that have a huge interest in successful accomplishment of this project will facilitate to it. For instance, China was very much trying to promote this project, that it also calls “Iron Silk Road”. This name shows that China is associating it with glorious “Great Silk Road” that connected China and outer world and made great impact on Chinese and other nations’ economy, politics, culture, technology and knowledge spread, and others. The implementation of this project will add a lot stability, predictability, well-being and security of Central Asian region. It will definitely add more gravity to Uzbekistan and to its reputation and place in the world as it becomes very important partner of a project that has global scale implications. This is definitely an asset that provided that Uzbekistan will wisely and effectively utilize it, will bring to this emerging country more investment, stability and prosperity.

Another more kind of impact, yet not as obvious as economic or political outcome of this project is cultural and technical exchange and development. Just like the case of Great silk road, Trans-Asian Railway will make contacts between business people more often and closer that will create much better understanding among them that in its turn is likely to spill-over general society and bring nations more closely to each other, probably enrich each other’s culture with new elements. In other words, Uzbekistan will become more actively involved in globalization process, including culture and arts sphere, as well as better promote information about unique culture and traditions of this magnificent country.

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