

Implementation of a Unified Transport and Logistics Strategy in Azerbaijan

Elshen Nejefov

Transport and technical subjects
department
nakhchivan State University
Nakhchivan, Azerbaijan
elsennecefov@ndu.edu.az

Seyyad Veliyev

Transport and technical subjects
department
nakhchivan State University
Nakhchivan, Azerbaijan
seyyadveliyev@ndu.edu.az

Abstract—In recent decades, transport corridors have become an important component of geo-economic and geopolitical paradigms in the world. The dynamic development achieved in recent years in all spheres of public life in Azerbaijan has led to a significant increase in the country's role at the geopolitical level. In addition to all this, it has become a necessity to actively participate in the socio-economic processes taking place in the global economic space, to effectively access foreign markets, and to have a competitive national industry. With the aim of turning Azerbaijan into the trade center of the region, logistics centers covering the regions are being created, and the capabilities of the shipyard and commercial port are being expanded. In addition to all this, highways are being built, railways are being rehabilitated and constructed, and cargo transportation by sea and air is being significantly increased to ensure the smooth movement of cars and trains with bordering countries. All the work done will result in an increase in access to Europe and Asia, and will further strengthen Azerbaijan's active participation in international transport-communication and corridor projects.

Keywords—Infrastructure projects, Transport corridor, railway, transport, logistics

I. INTRODUCTION

Although Azerbaijan has experienced complex historical periods in the 20th century, it has emerged as a recognized country in the world for successfully implementing its strategy to ensure a stable economy, security, and modern living standards by confidently passing through a path of significant development since the early years of the 21st century and successfully establishing modern socio-economic infrastructure.

In recent years, the creation of modern transportation infrastructure throughout our country, the significant investments directed towards the establishment of road and transportation infrastructure, and the implementation of numerous projects reaffirm the commitment to this endeavor. During a ceremony dedicated to the 96th anniversary of the birth of the national leader of the Azerbaijani people, Heydar Aliyev, and the 15th anniversary of the establishment of the Heydar Aliyev Foundation, President Ilham Aliyev emphasized the creation of a high-level transportation infrastructure in the country. He stated: "Although we do not have access to open seas, we have turned Azerbaijan into a transportation hub. The capital invested in this field is an investment in the future because Azerbaijan will increase its

budget in the coming decades and centuries by utilizing transit opportunities."

The reintegration of the territories liberated from occupation into the country's overall economy will create opportunities for the establishment of new and secure international and regional transportation-logistics corridors. Utilizing these opportunities will greatly contribute to Azerbaijan's development.

In this regard, the formation of security, stability, prosperity, and mutually beneficial cooperation in the region, as well as the development of economic and trade relations, will further strengthen Azerbaijan's role as the leading state in the South Caucasus region's economy. Furthermore, successful socio-economic and political achievements in the coming years will ensure the strengthening of Azerbaijan's economic sovereignty and its transformation into a powerful state based on modern life standards, leading to high social welfare.

Due to our favorable geography, the intersection of roads that connect East to West and North to South, or vice versa, is considered a significant innovation for transit transportation in the global arena. Despite the involvement of more than 10 countries in the creation of the East-West and North-South corridors, none of these countries participates in the creation of both corridors simultaneously. Azerbaijan, however, is the only country that actively contributes to the creation and improvement of functionality of corridors extending both from East to West and from North to South.

It should be noted that the East-West transportation corridor passing through our country and connecting Europe, the Caucasus, and Central Asian countries is a highly advantageous route in terms of both economic profitability and excellent infrastructure. Our country demonstrates a high level of political will at the state level to enhance the functionality of this route, including the restoration of the ancient Silk Road. Thus far, Azerbaijan has successfully hosted several international events where various issues related to the restoration of the ancient Silk Road have been discussed. Participants in these events have received information about our country's extensive transit capabilities. Furthermore, significant work has been done in Azerbaijan to rebuild the part of the Silk Road passing through the country, contributing to the completion of a large volume of work on the entire East-West route. All of these developments confirm

Azerbaijan's increasing role in ensuring the high functionality of the East-West corridor.

The East-West and North-South transportation corridors passing through Azerbaijan's territory are highly favorable routes in terms of all parameters. Azerbaijan's active participation in these transportation corridors will significantly expand the country's potential as a transit country, leading to increased revenues. Taking such factors into account, President Ilham Aliyev emphasized during the session on "Advancing the Belt and Road Initiative: China's Trillion Dollar Vision" at the World Economic Forum in Davos: "The creation of modern infrastructure is one of the main goals of our government. I believe that by investing primarily in infrastructure, taking advantage of our geographical location, we have done the right thing by focusing on internal infrastructure, thus transforming Azerbaijan into an international hub."

II. ACTIVITY PLAN FOR INCREASING TRANSIT POTENTIAL OF TRANSPORTATION CORRIDORS

The Activity Plan for the period 2024-2026, approved by the decree of the President of the Republic of Azerbaijan dated November 23, 2023, aims to develop the transportation and logistics sectors in Azerbaijan, adapt transportation infrastructure to modern requirements, and ensure full utilization of the transit potential of international transportation corridors passing through the territory of Azerbaijan, as well as to promote transit shipments. In this regard, the "Activity Plan for Increasing Transit Potential of Transportation Corridors Passing through the Territory of the Republic of Azerbaijan and Promoting Transit Shipments for the Years 2024-2026" includes an analysis of the current situation, taking into account global trends in transportation, especially transit shipments, and outlines targets, objectives, priority directions, and measures for further enhancing Azerbaijan's transit potential.

III. ANALYSIS OF THE CURRENT SITUATION OF TRANSIT POTENTIAL AND TRANSIT SHIPMENTS OF TRANSPORTATION CORRIDORS

To meet modern requirements and further strengthen the transit potential, significant infrastructure projects have been implemented in the Republic of Azerbaijan, aiming to transform Azerbaijan into a transportation-logistics hub in the region. Important infrastructure objects, such as the Baku International Sea Trade Port, the Baku-Tbilisi-Kars railway line, the Astara railway terminal, bridges over the Astara River for both railway and road transportation, as well as the construction of a bridge over the Samur River at the state border with the Russian Federation and the reconstruction of internationally significant highways, have been carried out within the East-West and North-South international transportation corridors. Additionally, Azerbaijan has joined various international agreements in this field and established a National Coordination Council for internal coordination.

During the past period, a number of significant measures have been taken in the coordination of activities of state bodies and institutions for the effective implementation of the strategy aimed at transforming Azerbaijan into a major regional logistics and trade hub, gaining international trust as one of the main trade routes, and improving infrastructure and operations. In this regard, the "Procedural Rules for the Management of Operations during Transit Cargo

Transportation" have been adopted by the "Baku International Sea Trade Port" CJSC, "Azerbaijan Caspian Shipping Company" CJSC, the State Customs Committee of the Republic of Azerbaijan, the State Border Service of the Republic of Azerbaijan, and "Azerbaijan Railways" CJSC.

Furthermore, based on the Decree No. 3378 dated July 22, 2022, of the President of the Republic of Azerbaijan, which approved the "Social-Economic Development Strategy of the Republic of Azerbaijan for 2022-2026," measures have been initiated to expand the use of digital technology for the improvement of transit transportation and logistics operations.

In addition, achieving the goal of enhancing Azerbaijan's influence in the international arena through the development of a reliable, secure, efficient, and regionally integrated transit transportation network requires closely monitoring global trends and aligning implemented measures with these trends. This aims to transform Azerbaijan into an active participant in international shipments in both the East-West and North-South directions with a transit transportation network that is reliable, secure, efficient, and integrated into regional systems.

A. North-South Transport Corridor

The agreement on the "North-South Transport Corridor" was adopted on May 21, 2002. The Republic of Azerbaijan applied to join this agreement on December 21, 2001, and received a positive response in 2005. Azerbaijan joined the agreement with the Law No. 984-IIQ signed on September 20, 2005, regarding the "North-South" international transportation corridor.

Furthermore, to expedite work in this direction, the President of the Republic of Azerbaijan signed a Decree on December 7, 2015, regarding the acceleration of work on the portion of the "North-South" International Transportation Corridor passing through the territory of the Republic of Azerbaijan. This Decree emphasizes the need for extensive utilization of Azerbaijan's favorable transit opportunities as a participant in the corridor, considering the potential for expanding trade relations among the founding countries of the "North-South" corridor (Russia, Iran, India). It also underscores the necessity of taking indispensable measures to integrate Azerbaijan's railway network with the railway network of Iran [2].

Currently, the full operation of the "North-South" corridor is eagerly anticipated throughout the Eurasian region. The purpose of creating the corridor is to reduce the delivery time for cargo from India to Russia, as well as Northern and Western Europe. When the corridor becomes fully operational, the transportation of Indian cargo through Azerbaijan to the north will commence. It's worth noting that the "North-South" corridor will facilitate the transportation of cargoes from India and Southeast Asia through Iran's Bandar Abbas port via Azerbaijan. It is planned to transport 10-15 million tons of cargo annually along this route, potentially yielding significant transit revenues for Azerbaijan. Furthermore, thanks to the "North-South" corridor, the transit time for trains entering Azerbaijan from the former Soviet Union territory to reach Iran and Anatolia is significantly reduced. The interest shown by Belarus, Baltic States, and Finland in the "North-South" corridor further underscores its importance [3].

B. East-West Transportation Corridor

Azerbaijan, a staunch supporter of creating extensive economic corridors along the historical Silk Road, provides favorable conditions for the swift, secure, and timely transit of goods through its territory compared to other corridors. This facilitates a manifold increase in transit volumes, ensuring the efficient movement of goods in a short period.

Great leader Heydar Aliyev, by properly evaluating Azerbaijan's geographical and economic potential, actively engaged the country in international trade transportation. In this regard, under the initiative of the visionary leader, the "TRACECA - Restoration of the Historical Silk Road" international conference was held in Baku in September 1998, with the participation of 13 international organizations and 32 state delegations. This significant event laid the legal foundations for the more efficient organization of international transit transportation along the Europe-Caucasus-Asia corridor. Parallel to the comprehensive development of the country under the leadership of the political successor of the national leader, President Ilham Aliyev, significant projects are being implemented to modernize Azerbaijan's transportation-transit potential. The same can be said about the "East-West" corridor. One of the most important steps taken by Azerbaijan in the implementation of this corridor is the Baku-Tbilisi-Kars railway project. With financial assistance from the European Union in the last decade of the 20th century and with the special support of Azerbaijan, Turkey, and Georgia, the "Silk Road" (TRACECA) project was implemented. In addition to this support, the construction of the Baku-Tbilisi-Kars (BTK) railway, initiated and led by Azerbaijan, which was put into operation on October 30, 2017, connected the Trans-European-Asian railway networks, thus completing the restoration of the ancient Silk Road via railway lines.

The "East-West" corridor operates on the route of China-Kazakhstan-Caspian Sea-Azerbaijan-Georgia-Turkey-Europe, aiming to transport goods from China to Europe and vice versa. This project constitutes the Central Corridor of China's "Belt and Road Initiative," and Azerbaijan is one of the key partners in this initiative. It is the implementation of Azerbaijan's initiative that accelerated the realization of the "East-West" corridor, particularly with the construction of the Baku-Tbilisi-Kars railway, which is a crucial part of the overall "Belt and Road" initiative.

C. The New Baku International Sea Trade Port

The New Baku International Sea Trade Port, located on the Caspian coast in Alat, is the largest port built in Azerbaijan with the active participation of our country. It is the largest port on the Caspian coast and benefits from the significant advantages of its location. Thanks to these advantages, the new port successfully addresses transportation security issues in Azerbaijan, transforms Baku into a modern and major logistics and transportation center in the Caspian region, deepens cooperation among Caspian littoral states, and provides favorable opportunities for the full operation of the North-South and East-West transport corridors. For the construction of the new port, an area of 400 hectares has been allocated [4]. In the initial phase, the port's handling capacity is 10 million tons of cargo and 50,000 TEUs (twenty-foot equivalent units) of containers. In subsequent phases, the port will ensure the transportation of 25 million tons of cargo and 1 million TEUs of containers per year.

D. The Baku-Tbilisi-Kars railway

The Baku-Tbilisi-Kars railway, construction of which began on November 27, 2007, was ceremonially opened on October 30, 2017 [5]. The currently operational Baku-Tbilisi-Kars railway line serves as a vital logistic link between Asia and Europe. Constructed at the initiative of our country, the BTK railway has created a new transportation map in our region and across Eurasia, with efficient use of this route by Azerbaijan's partners in recent years. The diverse routes passing through our country have significantly enhanced Azerbaijan's capabilities [6].

E. Zangezur Transportation Corridor

Currently, efforts are underway to establish road infrastructure in the liberated territories. The "Victory Road," whose foundation was laid on November 16, 2020, extends from the Hacigabul-Minjivan-Zangilan corridor to the city of Shusha. The planned road's length is 101 kilometers. After the inauguration by the President of the country in February 2021, the Horadiz-Aghband railway, with a length of 110.4 kilometers, will play a significant role in transportation to and from the liberated territories.

After the Victory in the 44-Day Patriotic War, it is certain that the realization of the Zangazur corridor will further enhance Azerbaijan's transit capabilities. The Zangazur corridor will enable the establishment of a direct railway connection between the main part of Azerbaijan and the Nakhchivan Autonomous Republic, while also ensuring the long-term development and stability of our region through the railway network.

Construction works for both the railway and the highway, which will be part of the Zangazur corridor, are being rapidly implemented. News reports indicate that the construction of main highways within the Karabakh region is being carried out in harmony with the surrounding environment. Azerbaijan aims to capitalize effectively on its strategic geographic position to develop transit and transportation services, as well as to establish logistics centers in various regions of the country, with the goal of transforming Azerbaijan into a regional trade hub. These initiatives will not only enhance the country's attractiveness as a manufacturing and investment center but also create new business and employment opportunities[7].

At the current stage, Azerbaijan is working on the "Zangazur Transportation Corridor," which will be part of the East-West corridor that covers a vast geography in Eurasia, connecting Asia with Europe. The implementation of this project will strengthen the integration process contributing to cooperation in the region. Furthermore, this corridor will reinforce Azerbaijan's geostrategic position as a transportation and logistics center in Eurasia, expand transit opportunities, and bring significant political and economic dividends to the country. Overall, the ongoing processes under the active participation and leadership of our country will have a significant impact on shaping a new geopolitical configuration in Eurasia. Now, with Azerbaijan's initiative, the newly emerging security environment creates ample opportunities for effective cooperation based on common interests among regional and global power centers. The railways and highways to be created along the corridor will be integrated into the East-West and North-South routes within Azerbaijan's territory[8]. Taking into account the opportunities created by Azerbaijan's largest port on the Caspian Sea and three

international airports built in the liberated territories, we can conclude that the Zangazur corridor will become one of the most attractive routes for international transportation, and our country will benefit greatly as a reliable transit country in the future.

IV. RESULT

Taking advantage of its geographical opportunities, Azerbaijan is taking significant steps towards becoming a transportation hub in the region. The utilization of Azerbaijan's transportation and logistics capabilities in the transportation of goods between China and Europe is increasing day by day. President Ilham Aliyev's far-sighted steps in effectively utilizing Azerbaijan's geographical position and economic potential are increasingly evident in the creation of international transportation and logistics corridors.

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