



# NEWSLETTER

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## **Azerbaijan, Turkey, Georgia, Launch Joint Rail Link**

Leaders of Turkey, Georgia, and Azerbaijan have launched a railway project (Kars-Tbilisi-Baky - KTB) between the three countries, building on links already forged by gas and oil pipelines. At a railway station in the eastern Turkish border town of Kars, the presidents of the three countries held a groundbreaking ceremony for the \$290 million Turkish section of the railway. The three countries are already linked by the BP-led Baky-Tbilisi-Ceyhan oil pipeline and the Baky-Tbilisi-Erzurum gas line. Turkish President Abdullah Gul, Georgia's Mikheil Saakashvili, and Azerbaijan's Ilham Aliyev placed three sections of railway track on a large map of the region in a symbolic launch of the project as confetti showered down. Azerbaijan is the locomotive in the KTB railroad. Baku single-handedly finances the railroad's construction on Georgian territory, drawing on early oil revenues to invest in this strategic railroad dubbed as the Iron Silk Road. According to Turkish Transportation Minister Bineli Yildirim, "If Ilham Aliyev had not demonstrated resolve, this project would not have been possible. Azerbaijan's decision to finance the Georgian section is the most important step in the implementation of this project". The International Bank of Azerbaijan has provided a \$200 million loan for the project on uniquely preferential terms: 25-year repayment period, at only 1 percent annual interest. Georgia will repay the loan by using part of the revenue generated by the railroad on Georgian territory. Speaking at the inauguration of work on the Turkish section on July 24, Saakashvili remarked that Azerbaijan is acting in practical terms as a "guarantor of Georgia's independence," financing the railroad now after having supplied Georgia with low-cost gas. The railroad is scheduled for completion in 2011. It is expected to carry 1.5 million passengers and 6.5 million tons of

cargo per year during the first three years of operation. Traffic is projected to increase to 3 million passengers and 15 million tons of cargo per year until 2015.

## **OSCE Will Monitor Presidential Elections**

OSCE Office for Democratic Institutions and Human Rights recommended sending 30 long term and 450 short term observers for October presidential elections in Azerbaijan. OSCE representative in Baky Jose Luis Herrero noted that ODIHR continues preparations for observation of presidential elections in Azerbaijan. He reminded that in July OSCE ODIHR sent an assessment mission to Azerbaijan and released a report on results of the work. "The Azerbaijani government has already announced that it will receive the ODIHR observation mission and cooperate closely on this matter", said Herrero.

## **BTC Increases Capacity**

Operations to expand the capacity of the Baky-Tbilisi-Ceyhan (BTC) pipeline are to be completed by the end of 2008. The pipeline's capacity will be increased from the designed capacity of 1 mln to 1.2 mln barrels of oil a day, which will cost \$69 mln. At this point, the pipeline is carrying over 800,000 barrels of oil a day.

## **Azerbaijan, Kazakhstan to Lay Trans-Asia-Europe Line along Caspian Seabed**

A segment of the Trans-Asia-Europe (TAE) fiber-optic cable line will be laid between the Siyazan in Azerbaijan and Aktau in Kazakhstan. The two countries are preparing to sign a memorandum that will further coordinate actions within the project's framework.