There has been a lot written and said about the need for a more effective policy in the field of transport, freight and passenger traffic, as well as logistics in the EurAsEC member states. As a rule, representatives of EurAsEC countries adduce the same fairly trivial arguments while debating over the subject. First of all, they speak about the unique geographic position of each EurAsEC member state, which automatically defines it as a leading transit power. Secondly, they discuss the most convenient overland Eurasian routes for freight and passenger traffic to pass through the territory of each and every EurAsEC member state. Thirdly, the transportation systems of every country are quite suitable for their historic mission of becoming a stronghold for Eurasian transit. It must be noted, however, that while the stated claims have certain grounds, the present realia are quite different and the goals declared are still far from being achieved.

From our point of view, an issue of developing transportation links in the Eurasian transport service is not a priority. There are no such policy decisions that could become a basis for shaping priorities of transport and economic character. This brings up the question of what policy decisions have to do with the issue. Let’s try to cast some light upon this aspect.

As reported in January 2008, the EurAsEC Interstate Council at the level of Heads of governments reached the decision on implementation of the Strategy for shaping a common transportation space. The Community foresees the merging of state transportation systems of every member country into an integrated system, which is based on the unified principles, standards and technical parameters. This concept, at a closer look, doesn’t carry any political load. It is about the issues of legislation and investment activities, and statement of some economic function.

In the Soviet Era, this territory had a common transportation space, however, too many barriers emerged during the last 16 years. All countries gained sovereignty and introduced independent regulation of domestic economic activities independently, following the strategic and tactical tasks set by the country’s leadership.

And again there evolves the need for harmonising the legislation, providing the compatibility of transportation systems establishing rules of competition,
developing a mutually beneficial and effective use of transit potential, and
organising a barrier-free movement of passengers, luggage, cargo, and
transportation vehicles between the EurAsEC member states.

However, the handling of these tasks alone demands that the integration
grouping unites on new, mutually beneficial terms, improve and modernise
existing infrastructural facilities, and construct new ones. Over time, some
qualitative peculiarities appeared. If, in the past, a decision on constructing
any facility affecting interests of several republics was taken in Moscow,
nowadays, the process of coordinating investment projects between CIS or
EurAsEC member states may drag on and be subject to long-lasting expertise
with the most often explanation being a lack of funds.

Decisions on developing cooperation between transportation systems are
taken, but they do not take the shape of anything tangible; the means of
control over the implementation of taken decisions are not visible and neither
is the financing of a joint key projects in this area. The progress in completing
the set tasks is too low. It is hard to cite any specific examples of completed
joint transport or infrastructural facilities. And I mean exactly the joint ones.
Well, one may recall the commissioning of the bridge across the river Kigach
in the near-border Russian-Kazakh zone.

We assume that singling out the special role of one of the EurAsEC member
states in the part of conducting a transit policy is not justified. In our opinion, a
transit policy must be streamlined across the territory of the Community as a
whole. If the goal is to enhance integration processes on the post-Soviet area,
then the projects must also be formulated with due consideration of common
objectives.

Let’s look at how transit issues are addressed in Belarus and Kazakhstan,
that is, how the tasks are formulated in the major transportation documents
– strategies, concepts and programmes. Kazakhstan’s transport strategy till
2015 aims at “accelerated development of the transport and communications
complex in accordance with the economic strategy of the state”. The following
goals and tasks have been identified:

- The integration of Kazakhstan’s transportation system with the global
  one;
- The creation of a modern promising national transportation
  infrastructure;
- The development and effective usage of a transit potential;
- The shaping of a favorable investment climate in the transportation
  sector.

It is anticipated that Strategy implementation will lead to the “full and
systemic” integration of the national complex into the world transportation
system, the total renewal of assets, and the and reduction of transport component in the cost of product to 6.9%. Over 10 years, volumes of transit may increase by three times and amount to 32.2 million tons of cargo. The transportation speed through communication lines will grow by 15-20% and through main international transport corridors by 20-30%.

The Strategy is divided in two stages. During the first stage (2006-2010), the state allocates budgetary funds and actively attracts private investments in development of transport infrastructure, improves regulatory and legal framework, implements international standards and assumes measures for deeper integration of Kazakhstan’s transportation complex in the international system. The second stage (2011-2015) will focus on "securing a positive effect of the strategy’s implementation", and monitoring development programmes and institutional reforms that were carried out during the first stage, as well as introducing recommendations of a systemic character. All this will result in the “formation of an effective transportation system of the country”.

The development of transportation is one of the priority projects of Kazakhstan. In accordance with the Strategy, in order to increase railroad transit, the authorities mean to widen the traffic capacity of transit corridors to 100 million tons per annum to Turkmenistan, Iran, Turkey and European countries by 2015.

The plans of Astana and, in particular, the possibility of rapid cargo delivery to Russian and European customers, are of interest to Chinese shippers and freight owners are willing to pay for this service.

At the same time, the issue of developing transport infrastructure is still pressing. We believe this problem must be solved not only in Kazakhstan, but in Russia, China, and Belarus as well. Kazakhstan thinks that the current state of infrastructure and service that do not fully correspond to the level and status of transcontinental transportation links are the major restrictions for transit. Freight transportation by railroad has a high prime cost due to undeveloped infrastructure, worn-out state of the rolling stock, partial supply of the road and rail network with electric traction, etc. Without solving these problems, which imply a very heavy spending, it would be very difficult for Kazakhstan to create the image of an attractive transit country on the Eurasian space. Let’s not forget that China, the neighboring region with Kazakhstan, has quite serious problems with the traffic capacity of transhipment facilities, which results in transit restriction.

On the other hand, Kazakhstan succeeded in improving the level of servicing freight owners, including the handling of container cargoes, customs examination procedures, etc. So, when transporting cargoes through Dostyk rail station, containers from Chinese railroads pass without significant delays.
Transportation of single containers is an exception to the rule, because it takes time to form a train. But delays of this kind take no longer than 5–7 days.

Speaking of infrastructure, it must be noted that Dostyk station, which borders with China, is being modernised at present (its transport capacity should amount to 25 million tons a year). A Zhetigen-Khorgos railroad (near the border with China) is planned. Khorgos should handle up to 25 million tons of cargo by 2020 and the total capacity of border crossings between the two countries should make up 50 million tons per annum.

According to the Strategy, in order to raise the level of railroad transit, regional logistic centres in Astana, Almaty, Aktau and Dostyk should be established by 2015.

The primary target of Belarusian transport policy up to and including 2010 is “to form a competitive transport system, step up transportation and communication services and develop a corresponding infrastructure”.

In order to achieve the set goals the following steps are to be taken:

• Improvement of legal framework for transportation activities;

• Increase in affordability of transportation services, introduction of minimal social standards of transportation services to all levels of the population and regions of the country;

• Secure the compliance of basic transport infrastructure with the development of productive forces;

• Realisation of structural adjustments in transportation field in part of its renewal and improvement of management structure;

• Development of transportation services market competition in conveyance of passengers, freights and maintenance of rolling stock;

• Arrangement of conditions for attracting investments in transport development, implementation of investment projects on renewal of the rolling stock, reconstruction and modernization of transport infrastructure;

• Development of transport services’ export and creation of favorable conditions for carrying out international transportation.

The aforementioned steps are foreseen by an array of state programmes: An “Integrated Programme for Securing Effective Use of Transit Capacity of Belarus in 2006-2010”, a "National Programme for Development of Export for 2006-2010" and a “Programme for Development of Railroad Traffic Control Points at the State Border of Belarus for 2007-2015”. A gradual implementation of these programmes will finally lead to stable growth in volumes of freight transportation by Belarusian railroad. In 2007, the country
transported 140.8 million tons of cargo (5.5% up as compared to 2006). Meanwhile, international transportation amounted to 98.2 million tons of cargo, including 49.3 million tons of transit. In 2008, Belarusian railroads transported 147.2 million tons of freights, including 47.9 million tons of local traffic, 50.6 million tons of transit, 33.6 million tons of export and 15.1 million tons of import. The decline in export volumes was mostly a result of decreased export transportation of construction materials, chemical and mineral fertilizers, oil and oil products. Approximately 1.6-1.8 million tons of cargoes are transported from West to East, but the volume of transportation in the backward direction is 4.4-4.5 times higher and makes up about 7 million tons.

Transportation through the Eurasian sector forms the basis of transportation services’ export of the Belarusian Railway (BRW). They account for 35% of the total volume of transportation. The main transit freights are cargo oil, ferrous metals, fertilizers, coal, charred coal and iron ore. The bulk of the transportation volume falls on Russia (55%), including Kaliningrad area (24.7%); Latvia (25%); Lithuania (9.5%); Ukraine (8%) and Kazakhstan (2.5%).

Taking into account the economic development of Asian countries, BRW established a representation office in 2007 in Astana, the capital of Kazakhstan, aiming at a more detailed market research.

In order to increase the volume of railroad transportation from China to European countries and prove the competitiveness of the overland route, BRW took an active part in optimising the technology of container transportation by means of China-Mongolia-Russia-Belarus-Poland-Germany route. The train covers the distance of 9780 km in 15 days. On the initiative of BRW’s official shipping agent, Belintertrans unitary enterprise, the railroad launched a regular container train called "Mongol Vector" covering the route Brest-Ulan Bator-Hohhot (China). There are more container trains available on the following routes: Berlin-Brest-Moscow ("East Wind"); Brest-Arys ("Kazakhstan’s Vector"); Odessa/Ilyichovsk-Minsk (Kolyadichi)-Klaipeda ("Viking"); Brest-Kaluga; Zhenishke (Kazakhstan)-Minsk-Klaipeda; Aksu 1 (Kazakhstan)-Minsk-Klaipeda.

According to Belarus, the tariffs for international freight transportation by BRW correspond to the concept of applying a unified tariff policy for railway services of CIS member states, approved by the CIS Council of Heads of governments in 1996. Regulations and rates of tariff policy are applied to transit and export-import transportations by BRW, except for Russia-Belarus deliveries. Special attention is paid to the improvement of tariffs for transportation of the basic range of bulk cargo, including coal, ferrous metals, oil products, mineral fertilizers, architectural and timber cargo. Special reduction factors and fixed rates for certain routes of transportation are applied to the aforesaid cargo.
BRW is also engaged in transportation between Scandinavian countries and states of the Black Sea through the Ninth Pan-European Transport Corridor (Odessa- Ilyitchovsk-Minsk(Kolyadichi)-Klaipeda) serviced by the combined transport train Viking.

Despite a growth in the volume of freight transportation, Belarusian transport and transportation lanes possess substantial reserves. However, in order to attract additional transit cargo traffic, it is required to offer consignors competitive tariffs, to secure the safety and reliability of cargo deliveries within the stipulated period, as well as implement modern logistics technologies.

The Integrated Programme for securing the effective use of transit capacity of Belarus in 2006-2010 foresees the need for establishing logistic centres, about 50% of which will be engaged in transportation. Another quarter of logistic centres will aim at securing the needs of domestic exporters, shipping their production in short lots. Approximately 20 logistic centres will serve the export direction.

Belarusian developers of the programme note that ambitions of freight forwarders are not limited only to incorporating the centres into existing transportation schemes but overtaking cargo flows to Russia, Central Asia and China as well. In such a manner, Belarusian consignors strive to join the North-South transportation corridor with the further exit to the Middle East.

However, a concern exists over the feasibility of such a wide-scale idea. The EurAsEC member states have a common problem – the issue of land value. A method of land value calculation for terminals construction is quite inefficient and in many cases leads to an incorrect estimation and lack of bids from investors.

New logistic centres will be established on the basis of existing BRW cargo sites and freight terminals of several other organisations, and by means of constructing a range of modern logistic terminals. Free economic zones play a special role in solving this issue, being most attractive for investments in this field.

Belarus assumed measures that aim at the further improvement of regulatory and legal framework, including the introduction of modified and amended Agreement on International Railway Freight Traffic. One more agreement has been signed by Belarus and Russia on transit of goods transported between the two countries. A certain work has been conducted together with the European Commission in part of unifying customs documents, including the electronic ones, in order to further adjust to the European Convention on common transit procedure.

Russia and Belarus signed several interdepartmental and intergovernmental agreements on unified pricing for the railway service. Along with that, the Transport Ministries of both countries pointed out to aspects that do not
depend on freight forwarders but influence their work – customs and tax policy.

Addressing other aspects of transit development, it is necessary to mention that growth in freight transportation is also constrained by the absence of a common system of logistic centres on the territories of EurAsEC member states. In accordance to the draft project of the Strategy for Establishing and Developing the System of EurAsEC International Logistic Centres, approved in December 2008 by the 15th session of the Council for transport policy under the EurAsEC Integration Committee, the EurAsEC member states intend to create four basic networks of logistic centres that will be called “EurAsEC Transport Gates”.

“West Gates” will be built on the territory of Belarus on the route from Brest to Minsk. “East Gates” will be situated in Kazakhstan, in Almaty and at Dostyk-Khorgos border crossing. “North Gates” will serve as terminals between St. Petersburg and Moscow. As for “South Gates”, there are two location suggestions – the area of Kurgan-Tube in Tajikistan and the city of Osh in Kyrgyzstan.

Logistic centres in other cities of EurAsEC will be established simultaneously. In Kazakhstan, the centres will be located in Astana, Aktau and Almaty. Kyrgyzstan’s Bishkek, Belarusian Minsk and Vitебsk, and Russian Kaliningrad, Nizhni Novgorod, Samara, Volgograd, Murmansk, Yekaterinburg will also serve as logistic centres. It is planned to put in operation 27 logistic centres by 2012. From 2013 to 2020, another 39 centres will be commissioned. These newly constructed centres would not satisfy the need for terminals. On the assumption that the planned volume of transportation will make up 800-820 million tons, 300 centres with the capacity of 2-2.5 million tons of handled cargo per year will be required.

In conclusion let’s point out the following:

The implementation of projects within the EurAsEC integration group is subject to quite objective laws that are confirmed by the history of economic development of the Council for Mutual Economic Assistance (CMEA), the European Union (EU) and the North American Free Trade Agreement (NAFTA). There are real conditions and prerequisites for economic integration and the process of establishment of a common economic space, in which transportation systems play a vital role, complies with these objective laws.

In order to facilitate economic integration, it is necessary to accomplish at least six very important tasks, the mechanisms and instrumentality of which will not be discussed in this paper. The first condition or a prerequisite is closely connected with the economic development of the integrating countries. And the question is not in the size of their economy but in its structure, ratio and other similar indicators. That is why the discussion about development of
transportation systems should be based on the analysis of needs of domestic economy (what is needed, in what volumes, proportions, etc.). Only after defining these key conditions is it possible to streamline a national strategy with the strategy of the integration group.

In the second place, the process of integration is successful when the economies of integrating countries are on the rise. Within the crisis period, domestic issues become a priority putting implementation of large-scale international projects in question. This principle works for transportation systems as well.

The third important factor is the geographic proximity of the integrating countries. States have no opportunity to take an active part in international exchange and international division of labour if the geography raises an obstacle – very high transportation expenses raise the price for goods and integration makes no sense in this case. The EurAsEC member states are close to each other in terms of geography, but transportation costs are still very high.

The next important issue is the political will of the leadership of integrating countries. Integration is a kind of an event, phenomenon, process, that closely depends on the heads of the nations. It’s them who are able to forward the projects, as heads of the European Union do and as Bill Clinton did when he got personally involved in NAFTA integration.

Early establishment of organisations, to which the countries gradually delegate certain powers, is a crucial, if not the most important, step towards the actual economic integration. Are there such organisations in the transportation field? No, not yet.

And the last but not least, integration processes run much faster if a special initiating centre is established in one of the largest cities of integration group, which unites other countries.