

A proposal to make Armenia into Eurasia's economic crossroads

by Rouben Yegorian and Marina Hovhanissian

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1. Economic developments into the 21st century

Global economic relations were redefined following the collapse of the Soviet Union, the emergence of the independent countries of East Europe and the former Soviet Union, and the fall of the Berlin Wall.

The development of democratic and market forces in the countries of the former Soviet bloc, began to become a guarantee for the avoidance of regional conflicts and new global catastrophes. At the same time, it was realized that the wide-ranging processes of regional and global economic integration could become durable guarantees for stability regionally and in the world.

Thus, various tendencies are appearing as the world enters the 21st century: the creation of a Eurasian economic space, as well as the integration of local and regional conflict areas (for example, the Caucasus and Central Asia) into the wider political environment.

During the creation of a unified Eurasian economic space and the integration of local regions into the global market economy, there will be a range of new central issues, such as the development of integrated communications infrastructure, the free movement of labor, capital, and goods, and related issues.

The most important conceptual elements in the creation of the integrated communications, transport, and energy infrastructure will be the paths and directions of the new "Silk Road," including the construction of gas and oil pipelines, road and rail lines; and those mediator-buffer countries located at the "intersections" of these infrastructure links.

2. The role of Armenia in the process of economic integration in Eurasia, the Transcaucasus, and its surrounding region

Armenia can play an important role in the process of integration of the Transcaucasus within the wider region, and the creation of the Eurasian economic space.

On the one hand, Armenia is located at the intersection

of north-south and east-west axes of international links, at 40° latitude and 45° longitude. The east-west axis is the historical Great Silk Road. The north-south axis is the link between Russia and Europe's southern seashores, the Middle East, and India, which during the past centuries served as an important direction for international cultural, technological, and trade ties.

On the other hand, within the area in and around the Transcaucasus, Armenia, because of its geographical position, historical role, and its initiative, is regarded advantageously as an economic mediator between Europe and Central Asia; Europe, Russia, and the Middle East; the region's north and south, east and west; and Christian and Islamic peoples.

3. Program Crossroads (Khachmeruk)

Taking into account the above, the Ministry of Construction, based on the findings of this report, presented "Program Crossroads" to the Ministry of Economy in 1993. The Ministry of Economy rated and presented this project as a national project in 1994. Today, this program is viewed as an important project for Armenia at the state level.

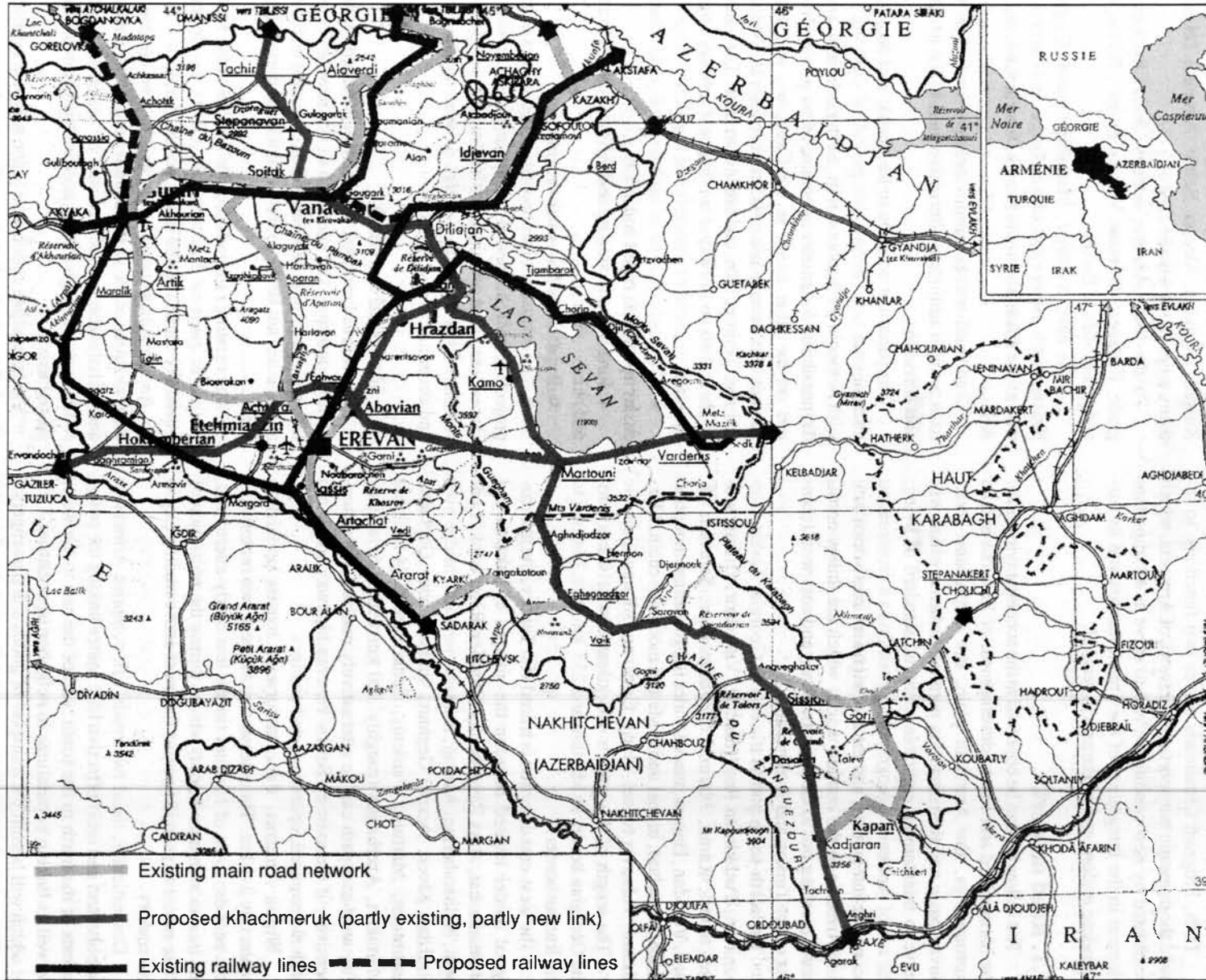
Presently this program is undergoing a thorough technical and economic analysis. Armenian specialists are in need of technical assistance from the international community to complete the relevant studies.

The core of Program Crossroads is the realization of international transport corridors through Armenia. These corridors consist of roads and/or railroads linking the transportation networks of Eurasia, the Transcaucasus, and the surrounding region. These corridors can be used to bring goods and people from Russia and Europe to the Middle East and Asian countries, and vice versa.

At the same time, Program Crossroads will benefit the development process within Armenia, and organically integrate the Armenian transportation network into the regional and global transportation networks.

The local Armenian transportation network, with its origin in the transportation network of the former Soviet Union, fulfilled that economic space's domestic and foreign linkage needs. Transport links for Armenia have become essential after the collapse of the Soviet Union: When Armenia found itself in an environment defined by new relations, when Ar-

Proposed Khachmeruk and other Armenian transport corridors



menia strove to establish good neighborly relations and to initiate new economic cooperation with its neighboring states, and when the emergence of a nationally defined policy of domestic regional development became essential.

Thus, Program Crossroads serves two functions: to rebuild the domestic transportation network of Armenia, which is dictated by new conditions; and to serve as an important element in the integration of the Transcaucasus and its surrounding region, and of Eurasia in general.

3.1. Road network

The following can be observed in the accompanying map: the harmonized and linked development of Yerevan and its surroundings, the Araratian plain, the earthquake zone, Sevan basin and the remaining parts of Armenia which will serve to maintain an equitable, national standard of living; the use of Armenia's geographical position as a crossroad in economic integration; and the two highway axes which will link Armenia to the outside world, which are drawn north-south (coming out to Georgia and Iran) and east-west (coming out to Turkey and Azerbaijan).

The north-south path is traced via: Georgia, Tashir, Stepanavan, Pushkinian Pass (tunnel), Vanadzor, Dilijan tunnel, Sevan, Kamo, Martuni, Yeghegnadzor, Saravan, Sisian, Vorodan, Darpas, tunnel under Bargushanian mountain chain, Musalam, tunnel under Meghri mountain chain, Maralzami, Vahravart tunnel, Guris, Garjevan, Akarag, Iran.

The length of this path is 465 kilometers: 210 km from the Georgian border to Martuni and 255 km from Martuni to the Iranian border.

The west-east direction is traced via: Turkey, the international border located between the villages of Pakaran and Yerbantashat, Arax River bank, Akhurian River bank, Lenoghi, Hoktemberian, Akarag, Ashtarak junction, bridge over Hrazdan River, Arzni, Geghart, tunnel under Geghama mountains, Martuni, Vardenis, Sodk, tunnel (4+4 kms) Martakert, Azerbaijan (roughly 320 km within Armenia). The west-east path can be alternatively realized more inexpensively if the existing Sevan-Yerevan highway was used, with the required reparations and changes.

Within Armenia, these motorways bypass population centers by 2-4 km. The intersection of these two motorways lies near the town of Martuni (in the less costly alternative, the intersection near Sevan) which, during the utilization of these motorways, will become the most active trading city in the country.

Domestically, these two roads will comprise Armenia's two shortest and most effective land routes linking the populations of the north to the south, and of the east to the west, as well as linking populations in neighboring countries—all of which will benefit the transport of goods and passengers.

These four-lane motorways are important for the purposes of international integration, since they will link to the road network of neighboring countries; more particularly:

To the north: Batumi, Black Sea, Tbilisi, Moscow; and Georgia, Russia, Ukraine, Baltic states and other cities of the region.

To the south: Tabriz, Teheran, Ahvaz, Persian Gulf and Kuwait, Baghdad, Aleppo, Beirut, Amman, Tel Aviv, and many cities of the Middle East.

To the west: Ankara, Athens, Sofia, Bucharest, Belgrade, Budapest, Warsaw, Vienna, Prague, Berlin, Munich, and other cities of Europe.

To the east: Kelbajar, Martakert, Baku, Caspian Sea, Krasnovodsk, other cities of Azerbaijan and Central Asia, as well as the roads leading to Russia, the Far East, and Central Asia.

Combined transportation through Black Sea shipping lines provide additional alternative links to the overall transport corridors.

This particular solution to the problem of the Armenia's international ties, during this period of differing relations with Armenia's neighbors, will, on the one hand, encourage the possibility for greater international economic integration, and on the other hand, in the Caucasus, will establish a balance of economic interests between Russia, United States, Europe, Turkey, Iran, and other countries. The construction of these two motorway axes imposes certain engineering demands required of international transit highways:

- The roads must be of high technological standards, to ensure maximum speed and safety.
- Resistance to varying and different climatic conditions and belts.
- Bypassing of population centers.
- The inclusion of technologically complex engineering projects (bridges, tunnels, junctions and exits, varying slopes, etc.) and associated infrastructure components (gas stations, food stations, hotels, service stations, customs houses, etc.).

3.2. Railroad network

The railroad network in Armenia is linked to the neighboring countries. The condition of the network is nevertheless not good; most of it dates from the start of the century, and as it has not been properly maintained during the last five years.

The existing railroads provide an alternative for the realization of parts of Khachmeruk, till its development and especially for heavy and bulky goods transport.

An immediate north-south axis can be created through the realization of the new link between Gioumri, Ahalkalaki, and Akhaltsikhe in Georgia, and by using the existing line southwards, through Massis and Eraksh towards Nakhichevan and Iran.

An immediate connection to the west can be also materialized through the line from Gioumri-Ahurian to Turkey. Through the Turkish railroad network, goods may be transported to and from the Middle East, and of course to and

from Europe. In addition, if a new link is provided between Vanadzor and Dilijan, it is possible to conceive an immediate link eastwards, through Idjevan and Sotoulou to the Azerbaijan railway network.

Given the well-developed railroad infrastructure in the former U.S.S.R. and neighboring countries, it is agreed that railroads provide a sound complementary mode (although not always very fast, and requiring transshipments from wider to standard-gauge tracks) to road transport.

In order to achieve this objective, it is important for the railroads to be improved, and for the line to be modernized, allowing for higher speeds and for safe transport.

Finally, once again, combined transportation through Black Sea shipping lines provide additional alternative links to the overall transport corridors.

4. Conclusions

Armenia needs foreign investment in the financing and construction and/or improvement of these motorways and railways (to international specifications), and the development of the relevant secondary infrastructure and of other infrastructure for services and tourism. It is desirable that other countries, international organizations, international financing institutions, and private investors participate, because this program is not oriented towards Armenia's needs, but more than that, it is a program for regional development.

Despite the fact that Armenia has initiated this program, it is desirable that other interested countries, such as Russia, the United States, Iran, Turkey, Germany, France, Greece, Japan, China, Azerbaijan, and other countries of Europe and Central Asia—which regard the processes of economic integration as a long-term issue and one which is a guarantee of durable stability in the region—participate in its realization. It would also be advantageous to create four free-trade and economic zones at the points where the transport corridors cross into and out of Armenia.

Of course, it is well known that the European Community is in parallel studying the "Europe-to-Central Asia" link through its Traceca program in TACIS.

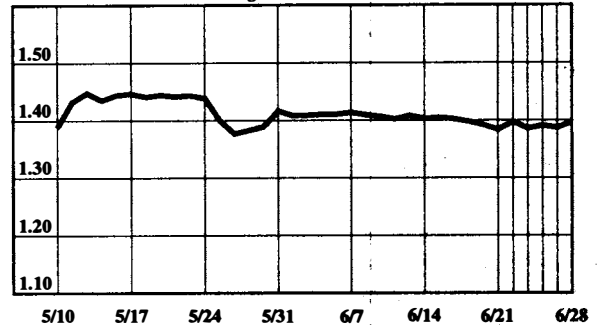
Economically, it would also be advantageous and justifiable that other infrastructure projects and links be built alongside the planned transport corridors of Program Crossroads, including: the gas pipeline running from Iran to Europe, which is planned to be built by the Iran Gas Europe Economic Interest Grouping; the gas pipelines from Turkmenistan to Europe, and also from Azerbaijan to Europe, whose constructions have been a topic of discussion for a long time; as well as the oil and gas pipelines feeding Armenia.

The Ministry of Construction is confident that this program will become an international project, and will be designed and built by numerous international specialists, companies, international financial institutions, and countries, as well as Armenian specialists and private individuals from Armenia and around the world.

Currency Rates

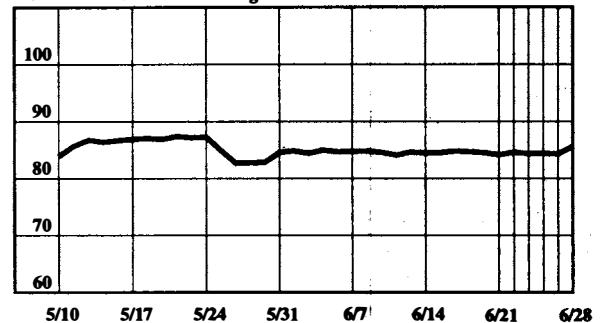
The dollar in deutschemarks

New York late afternoon fixing



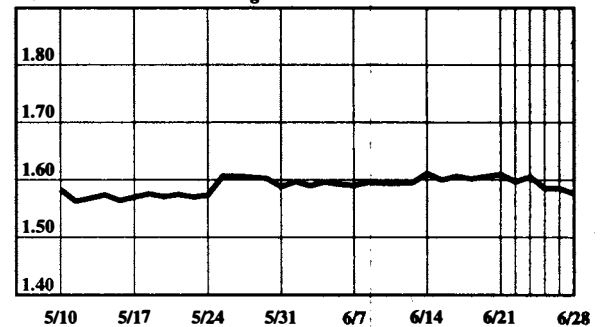
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

