

CAREC 7th Railway Working Group Meeting Opening Remarks

Mr. David Peradze, CEO Georgian Railway (GR)

Ladies and Gentlemen, dear colleagues,

I am delighted to be with you today for this fascinating and significant event and even more honored to be with such a distinguished group of decision-makers and experts worldwide who represent the private, public, governmental, and non-governmental sectors. Georgian Railway is focusing on the development of several areas, which I will shortly overview, providing you with current updates as well as information on ongoing and planned projects.

Despite intense, ongoing competition in different freight transport modes, Georgian Railway had record figures in the past year.

- Freight volumes increased by 22%
- Freight revenue increased by 26%
- Container transportation on the middle corridor showed all-time high results – 67%
- I would like to underline that Georgian Railway managed to increase freight volumes in the past 4 years and from 2018 to 2022 increased rate is 48%

To support the growth of containerized or bulk cargo we have several ongoing and upcoming large-scale projects.

Baku-Tbilisi-Kars is vital for Georgia and the entire region, enabling trains to move between Azerbaijan, Georgia and Turkey. A historical project that links Georgia and Turkey with the railway. BTK project involves the construction of a completely new railway line from Akhalkalaki, Georgia to Kars, Turkey. Railway lines of both countries are completed already. The project's initial phase estimates the BTK line's freight capacity at 5 million tons annually, with subsequent phases increasing that figure. When we consider the wider picture, we can see how significant an effect it may have on the Trans-Caspian International Transport Route, which connects China and Turkey via Azerbaijan and Georgia.

The modernization project, which is currently underway, will mitigate the risk of the gorge section becoming the bottleneck on our network and will increase capacity from 27 to 48 million tons per annum, while increasing speed and decreasing the time needed for transportation, with the further possibility to increase capacity to 100 million tons. More than 96% of the work is completed and we expect to complete construction work in 2024.

The railway connection between the Georgian Railway network and the Anaklia Deep Sea Port is the second project that will benefit the corridor. Based on the project, a new 18 km track will be required for connection. Due to Panama-sized container ships can dock at Anaklia port, the region will be able to attract larger quantities per ship than would have been possible previously.

Targeting to develop multimodal transportation, Georgian Railway is watching closely international trends, facing an increase in containerization in the world as well as at the regional level.

Digitalization is one of the pillars of modern logistic operations. Last year Georgian Railway implemented entirely paperless processes for the clients. Single window service allows our clients to perform fully paperless operations with the documents for local and international freight transportation. GR is working to facilitate the Middle Corridor digitalization process and already initiated data exchange in the testing mode with the neighboring railways. Georgian Railway is developing the digitalization strategy for the coming 3-5 years and will continue the work in this direction.

I want to mention that Georgia is emerging as a Eurasian trade hub as we are the only country in the region with a Free Trade Agreement with members of the Commonwealth of Independent Countries, European Union, Turkey and China.

I am convinced that by promoting trade and general economic growth, the work we do to build the railway infrastructure, railway-based multimodal transportation, and our people will benefit other industries. Small countries like ours in the region will benefit from closer cooperation and smart approaches.