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## **The Major Challenge for Armenia's Transport Security: Obstacles and Prospects of Integration into the International Transport Corridors**

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*The article analyzes the key issues of transport and logistics policy of Armenia in the context of integration into the international corridors TRACECA and the "North-South". It identifies the major geopolitical factors impeding the integration process, as well as determines the basic threats to Armenia's transport safety as an important component of national security. The article emphasizes the potential role of Armenia in the implementation of the TRACECA transport corridor in case of the Armenian-Turkish border opening and launching of the international logistics center "Akhuryan". The article explores the prospects of Armenia's integration into the international "North-South" transport corridor through the construction of Iran-Armenia railway, and introduces the competitive features of the Qazvin-Rasht-Astara railway project. It meanwhile stresses the negative impact of the regional conflicts in the integration prospects of Armenia. The article further reveals that the Georgian seaports are the main transportation gateway for the integration of Armenia under the conditions of the blockade, and concludes by analyzing the main sea routes Armenia uses for trading purposes with the outside world.*

### **Keywords**

Armenia, transport security, international transport corridors, regional political processes, seaports.

## Introduction

Transport security is traditionally considered to be the backbone component of state's national security<sup>1</sup>. This means that its full provision requires an integrated approach, using the economic, political, strategic, social and other administrative mechanisms and resources.

Within the "National Strategy for the transportation security of Republic of Armenia" (hereinafter - the Strategy) the search for the ways out of the blockade with further integration into international transport corridors (ITC) is viewed as a priority. The latter has been actualized immediately after independence, and today probably continues to represent the major threat to the transport security of the state. In this regard, the development of new alternative routes to ensure additional investment flows is of key importance as today the projected volumes of the freight traffic carried along the territory of Armenia do not offer much hope for ensuring effective utilization of highways of the country<sup>2</sup>.

The Strategy identifies several external threats to the Armenian transportation security system, among which

- transport blockade of Armenia by Turkey and Azerbaijan;
- unfair competition from foreign transportation companies;
- ignoring the interests of the Armenian carriers in international markets;
- the use of vehicles that do not meet the European standards by the Armenian freight forwarders on international markets;
- total dependence on imported liquid and gaseous fuels<sup>3</sup>.

The origin of the presented threats is largely determined by the geopolitical processes taking place in the South Caucasus. In particular, the US-Russia confrontation for the dominance in the South Caucasus, particularly exacerbated after 2007, continues to play a key role within the problem discussed. This confrontation has a direct impact on the geopolitical and geoeconomic orientation of the three recognized states in

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<sup>1</sup> **Rodrigue J.P., Slack B.**, Logistics and National Security / Science, Technology and National Security. – Easton, PA: Pennsylvania Academy of Science. 2002, pp. 214-225.

<sup>2</sup> The National Strategy for Transport Security of RA, President of RA 2013, October 23, order N ՆԿ-183-Ն (in Armenian)

<sup>3</sup> Ibid.

the region - Armenia, Georgia and Azerbaijan - predetermining the logic of their relationship. The US-Russia confrontation, that followed the "romantic" (1991-2001) and "transit" (2001-2006) periods, does not allow to fully develop the most effective methods regarding the resolution of regional armed conflicts<sup>4</sup>. The failure to resolve these conflicts, in its turn, hampers the full transport integration of regional countries.

The listed threats not only complement and determine each other, but also have a common origin amounting to the geopolitical problems of the transport blockade facing the country. Moreover, limited communication opportunities of Armenia causes threats of an internal character, which, in their turn, directly affect the national security of the country significantly restricting its economic development. Among these threats, one can identify poor infrastructure, limited opportunities for the development of domestic traffic, reduction of the role of the railway in transport communications, etc. Meanwhile, economic estimates suggest that the border opening may lead to an increase in gross domestic product (GDP) by 30% and significantly reduce the trade deficit in Armenia<sup>5</sup>.

Thus, we can state that the search for the ways to integrate into the international transport corridors presents the most actual challenge for Armenia. The diversification of transport communications can increase the level of safety of country's transport security, and consequently have a positive impact on the functioning of the national security system. For more in-depth and comprehensive understanding of this problem, the article reveals the specifics of major international transport and logistics projects Armenia is interested in, as well as the basic geopolitical and geoeconomic barriers for the integration into the international transport corridors.

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<sup>4</sup> **Torosyan T., Vardanyan A.**, The South Caucasus Conflicts in the Context of Struggle for the Eurasian Heartland, *Geopolitics*, 2015, **20**, 4, 559-582.

<sup>5</sup> The development strategy of the Armenian transport sector-2020. Final Report, Asian Development Bank, Ministry of Transport and Communication of RA, Yerevan, November, 2008 (in Armenian)

## MTC "TRACECA" - an integration challenge to Armenia

As already noted, due to political differences with Azerbaijan and Turkey, Armenia has a little capacity to connect to international transport and logistics corridors. Due to the escalation of the Karabakh conflict, the border with Azerbaijan was closed in 1991, and at the initiative of Ankara in 1993 - with Turkey - a country fully supporting the Azerbaijani side during the conflict. Thus, the implementation of the projects aimed at optimizing transport corridors, using Armenia's current transport system, is a factor capable of increasing the freight turnover of the country. In this respect, the transport project "Marmaray", initiated by Turkey in 2004, with the aim of building a railway tunnel under the Bosphorus Strait linking the European and Asian parts of Istanbul, is of key interest<sup>6</sup>.

The attention of Armenia to this project increased significantly in 2008, at the height of the so-called "football diplomacy", when Turkish President Abdullah Gul visited Armenia. Within the framework of the official visit, the Presidents discussed, among other things, the issues related to the construction of an international logistics centre (ILC) on the border railway station Akhuryan, located on Gyumri (Armenia) - Kars (Turkey) branch line. The aim of the ILC was to serve cargo flows to/from Turkey (Turkey), as well as part of the cargo delivered to Armenia and exported from it by sea, through the ports of Poti and Batumi. In addition, it was expected that the ILC would attract international transit cargo to Armenia through the development of the land branch of the international transport corridor TRACECA (Transport Corridor Europe-Caucasus-Asia, Fig. 1) therefore increasing the attractiveness of Armenia as a transit country. It is no coincidence that the prolonged process of ratification of Protocols on the normalization of Armenia-Turkey relations and further their final exclusion from the international agenda led to the maintenance of the project.

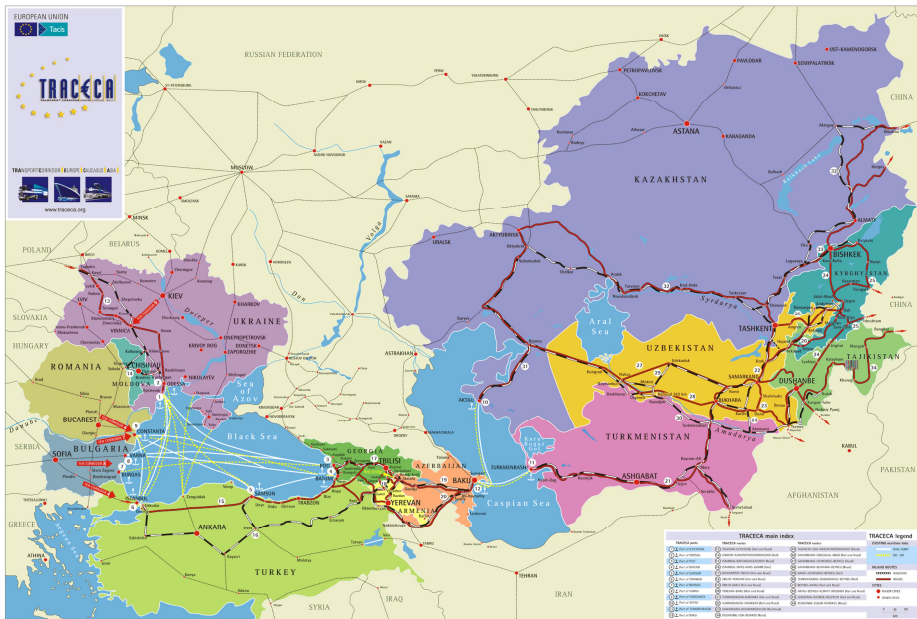
The project "Marmaray" is of key importance in the context of the implementation of the TRACECA - transport corridor passing

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<sup>6</sup>Atalay S., Canci M., Kaya G., Oguz C., Turkay M., Intermodal Transportation in Istanbul via Marmaray, *IBM J. RES & DEV*, November-December 2010. 54, 6. Paper 8.

through the route of Europe-Caucasus-Asia and including infrastructure of 13 countries. In fact, the main idea of the project is the revival of the legendary historic route - Great Silk Road. The Corridor originates from the Eastern Europe (Bulgaria, Romania, Ukraine) and crosses the territory of Turkey. The route passes through the Black Sea to the Georgian ports of Poti and Batumi, further connecting to the transport network of the South Caucasus through the railway infrastructure of Turkey. According to the project, via the Caspian ferry Baku-Turkmenbashi and Baku-Aktau, TRACECA corridor connects the railway network of Central Asia, in particular Turkmenistan and Kazakhstan, the transport systems of which are linked with neighbouring Uzbekistan, Kyrgyzstan, Tajikistan reaching China and Afghanistan<sup>7</sup>.

Fig. 1. ITC “TRACECA” ([www.traceca-org.org](http://www.traceca-org.org))



Today TRACECA corridor is intensively developing. It is enough to point out that for more than 20 years of its existence, the project investments, aimed at implementing a number of infrastructure and

<sup>7</sup> **Fedorenko V.**, The New Silk Road Initiatives in Central Asia. Rethink Institute Washington DC, Rethink Paper 10, August 2013, p. 11.

research programs, exceeded €1 billion. New roads and railways, bridges, ports as well as other transportation infrastructure are in the stage of construction. In particular, the infrastructure, necessary for the development of multimodal transport, is also being created<sup>8</sup>.

Turning to the project "Marmaray" as one of the TRACECA components, it can be noted, that its implementation is of significant international importance not only for Turkey but also for Europe and Asia. In addition, the hypothetical opening of the Armenian-Turkish border and restoration of railway communication between the two countries, through the tunnel "Marmaray", has the potential to form a single line of corridor. This will enable to transport goods and passengers from Asia to Europe and back with a continuous scheme<sup>9</sup>. Obviously, the "Marmaray", as an optimization tool of transportation between Turkey and Europe, may have a significant effect on the activation of the transportation process in the direction of Armenia, as well as on its use as a transit country therefore automatically increasing the the significance of the ILC "Akhuryan". In its turn, Armenia, as a member of TRACECA program since 1993, is gradually adapting its legislation to the same principles, spelled out in international conventions and agreements. This proves the openness of the country to the full transport and logistics integration. However, a number of regional political problems, conflicting relations between recognized states, as well as the use of "blockade policy" by some countries do not leave much room to talk about the immediate prospects of the integration process for Armenia in the framework of TRACECA. The following problems should be primarily highlighted:

- **the Nagorno-Karabakh conflict** with a subsequent interruption of train traffic on the railway Yerevan-Julfa-Meghri-Baku-Mincivan;
- **freezing of Armenian-Turkish relations** with a subsequent interruption of train traffic on the railway Baku-Tbilisi-Gyumri-Kars;
- **Georgian-Abkhaz conflict** with a subsequent interruption of train traffic on the railway Sochi-Sukhumi-Tbilisi-Yerevan;

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<sup>8</sup> Evaluation of the Tacis Interstate TRACECA Programme. Evaluation Unit . - Tacis, June 1998, p.10.

<sup>9</sup> **Karluk S.R., Karaman S.C.**, Bridging Civilizations from Asia to Europe: the Silk Road, *Chinese Business Review*, 2014, **13**, 12, 730-739.

• **conflict between Georgia and South Ossetia** with a subsequent interruption of train traffic on the railway Gori-Tskhinvali.

The above-mentioned conflicts and political differences have a direct impact on the full realization of the idea of the Great Silk Road revival and paralyze transport networks of the South Caucasus and, in particular, Armenia, blocking their maximum integration into ITC "Europe-Caucasus-Asia".

The "blockade policy" towards Armenia and its exclusion from integration within the TRACECA is also realized through the construction of the railway Baku-Tbilisi-Akhalkalaki-Kars (BTAK). According to the initial plan, the railway will bypass Armenia from the north, further aggravating the communication blockade of the country. Within the project it is planned to build a 105-kilometer branch line, and to reconstruct the railway Akhalkalaki-Marabda-Tbilisi (183 km) in order to enhance the capacity of railway to 15 million tons per year in Georgia. It is also planned to build a transition point in Akhalkalaki for the passage of trains from the Georgian gauge to the European one, which also operates on the Turkish railways<sup>10</sup>.

A key risk for Armenia lies primarily in the fact that if BTAK will be further connected with Nakhchivan, Armenia, thus, will be in the ring of railway, completely depriving the possibility of becoming a full-fledged participant in the corridor "Europe-Caucasus-Asia". Moreover, even in case of the Armenian-Turkish border opening, the existence of such infrastructure would be an inhibiting factor in the construction of the ILC "Akhuryan", as it can potentially cause problems with congestion of the railway Kars-Gyumri. In its turn, this can lead to the complete elimination of important economic components regarding the probability of the Armenian-Turkish border opening in the future.

### **Opportunities to connect the ITC "North-South"**

Today ITC "North-South" is rightly regarded as one of the most promising and important transport and logistics international projects.

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<sup>10</sup> **Lussac S.** The Baku-Tbilisi-Kars Railroad and its Geopolitical Implications for the South Caucasus, *Caucasian Review of International Affairs*, 2008, 4, 2, Autumn, p. 35.

The interest it provokes is primarily determined by the fact that it aims to diversify transport routes, linking North Europe to Asia, and thus comes into direct competition with TRACECA – a project, pursuing the geopolitical goal of forming alternative transport routes, bypassing Russia. The intergovernmental agreement on the establishment of ITC "North-South" was signed by Russia, Iran and India during the second Eurasian Transport Conference in September 12, 2000, in St. Petersburg, Russia<sup>11</sup>. In 2001, the agreement was ratified by India and Iran, and in 2002 – by Russia. In 2002, the ministers of transport of the participating countries signed a protocol on the official opening of the corridor. Later Armenia, Azerbaijan, Belarus, Kazakhstan, Syria and Oman joined the Agreement. Turkey and Ukraine also showed their interest to join it<sup>12</sup>.

ITC "North-South" involves several freight routes using intermodal method. The most significant ones are:

- Trans-Caspian route through the ports of Astrakhan, Olya, Makhachkala: in the transportation process the role of rail transport is reduced to the supply of cargo in these ports and their transportation;
- direct rail connection through Kazakhstan, Uzbekistan and Turkmenistan with access to the railway network of Iran on the border crossing Tejan-Sarakhs;
- the use of the western branch of the corridor: the direction of Astrakhan-Makhachkala-Samur, then on the territory of Azerbaijan, with access to Iran, through Astara border station. In a given case, one should also consider the scenario of exiting through Azerbaijan and Armenia to Iran via the border station Julfa<sup>13</sup>.

Armenian part of the transport corridor is expected to be paved with the intersection of the southern boundary of Azerbaijan. Of course, this raises skepticism due to the prevailing political realities.

According to the project, transit through the territory of Iran should be ensured by the construction of Russia-Iran-Azerbaijan railway

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<sup>11</sup> Intergovernmental agreement between the governments of the Russian Federation, the Republic of India, the Islamic Republic of Iran and the Sultanate of Oman "On the international transport corridor North-South", 12.09.2000 (in Russian)

<sup>12</sup> **Karataeva K.E.**, ITC "North-South": new opportunities or repetition of old mistakes? *Problems of National Strategy*, 1, 2009, p. 131 (in Russian)

<sup>13</sup> Business plan for the establishment of the International logistics center on the railway Akhuryan Station of South-Caucasus railway. Russian Federation, St. Petersburg, 2009, p. 47 (in Russian)



Qazvin-Rasht-Astara (CRA) - a project that may have a negative impact on the prospects of Armenia's transport integration. Currently, Russia, the main initiator of the CRA, considers it as a key route of the "North-South" corridor. The project aims to connect the railway network of Iran and Azerbaijan as well as the Iranian port of Bandar-Abbas with the railways of Russia. Thus, the CRA has a key role in ensuring sustainable communication between South and South-East Asia with Europe by direct railway with the further discharge of the Suez Canal. Currently, Azerbaijan and Iran are equally interested in the implementation of the CRA<sup>14</sup>. Both seek to restore railway communication carried out before the collapse of the Soviet Union through Nakhijevan and Armenian SSR. What refers to the interests of Russia, the establishment of railway communication along the western Caspian Sea coast is also interesting in the light of Baku-Derbent branch, projected in the XIX century. The latter is considered to be a key corridor potentially capable to connect Russia with the South Caucasus<sup>15</sup>.

As for the problems of transport integration of Armenia in the context of the project Qazvin-Rasht-Astara, the latter, in case of its realization (it seems, there are all the economic and political conditions for), can eventually lead to the ultimate preservation of Iran-Armenia railway project - an alternative route considered in the context of the "North-South" corridor realization.

### **The railway Iran-Armenia as an opportunity to connect to the international transport corridors**

The railway Iran-Armenia is one of the most important transport projects, which aims to develop the railway infrastructure in Armenia with its further integration into the international transport corridors and, in particular, the ITC "North-South". In addition to attracting additional cargo flows and activating the economy of Armenia, the project may

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<sup>14</sup> **Vardomsky L.B., Pylin A.G., Sokolova T.V.**, The countries of the South Caucasus and specific of the development of regional cooperation. Moscow: Institute of Economics, Russian Academy of Sciences, 2014, p. 30 (in Russian).

<sup>15</sup> **Tsvetkov V.A., Zoidov K.H., Medkov A.A.**, Problems of integration and innovative development of transport systems in Russia and the South Caucasus countries. Moscow: CEMI, 2011, p. 34 (in Russian).

allow the Armenian side to ensure the country's access to the Persian Gulf.

Three options for the construction of the Iran-Armenia railway were initially considered:

1. Construction will start in Yeraskh station located near the town of Artashat, Ararat Marz. According to this option, the length of the railway along the territory of Armenia will be 443 km.

2. Construction will start in Gagarin station located between the towns of Gegharkunik Marz - Hrazdan and Sevan, on the railway Yerevan-Hrazdan-Sotq. The length of the tracks from the Gagarin station to the Iranian border will be 449 km, and the construction will cover the city of Sevan, Gavar and Martuni.

3. Construction will begin in the Vardenis station located in the south-east of Gegharkunik marz. Currently, only freight trains are passing through Vardenis station. The length of the tracks on the Armenian territory from Vardenis station to the Iranian border will be 397 km<sup>16</sup>.

All three cases entail the construction of a branch line with the length of 80 km to the Meranti station situated in the north of Iran. Thus, the total length of Iran-Armenia railway had to be 523, 529 or 477 km, depending on the preferred option<sup>17</sup>.

However, the basic parameters of the project were finalized in early 2013, when the Ministry of Transport and Communication of RA, CJSC "South-Caucasian Railway" (a 100% subsidiary of OJSC "Russian Railways") and company "Rasia FEL" registered in Dubai (project developer) signed a memorandum on launching the program for the construction of the Southern railway (Iran-Armenia)<sup>18</sup>. According to the initial scenario, the project was estimated at about \$3 billion, the length of the railway would reach 316 km, and the average speed - up to 100 km/h. The railway is expected to start in the town of Gavar, near Lake Sevan, and reach the southern borders of the republic, in particular, the

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<sup>16</sup>Official web-site of the Ministry of transport, Connection and information technologies of RA, [www.mtc.am](http://www.mtc.am)

<sup>17</sup> Business plan for the establishment of the International logistics center on the railway Akhuryan Station of South-Caucasus railway. Russian Federation, St. Petersburg, 2009, p. 47 (in Russian).

<sup>18</sup> Armenia announces the launch of the projects of the Southern railway and high-speed highway. [armcanchamber.ca/Rasia%20FZE%20Press%20Release%20-%20Armenian.pdf](http://armcanchamber.ca/Rasia%20FZE%20Press%20Release%20-%20Armenian.pdf) (in Armenian).

border city of Meghri with the integration into the railway system of Armenia<sup>19</sup>.

Considering the construction of Iran-Armenia railway directly in the light of the implementation of the ITC "North-South", it may be noted that the attractiveness of the project for Russia, in particular, may be determined by the possibility of forming an alternative route using the intermodal method. Here we refer to a logistics route "Black Sea - Georgia - Armenia - Iran - Persian Gulf" by using sea and rail transport. Moreover, the opening of the Georgian-Abkhaz section of the railway and the movement of the trains on the Trans-Caucasian Railway (Russia-Abkhazia-Georgia-Armenia) may ensure a direct railway connection between Russia and Iran. This model fits into the logic of the Russian transport and logistics policy in the region: enough to note that the railroads of Abkhazia and Armenia operate under the Russian state corporation - JSC "Russian Railways" which also repeatedly expressed its interest in assets of LLC "Georgian Railway"<sup>20</sup>.

However, the unstable geopolitical situation in the region and a number of frozen conflicts, periodically defrosted and flaring with new force, are inhibiting factors, that do not allow considering the South Caucasus region as a key transport route of the "North-South" corridor. On the other hand, drawing parallels with the project of Qazvin-Rasht-Astara railway, it should be noted that the implementation of the latter requires investments in much smaller amounts than that of the "Iran-Armenia" railway. Thus, investments in the Qazvin-Rasht-Astara railway are estimated at \$200 million, while in Iran-Armenia project – about \$3 billion. This is determined by the fact that the CRA project already includes some ready infrastructure (eg, the Azerbaijani section, which only needs to be reconstructed), while the project of the Iran-Armenia railway involves the construction from scratch and in very difficult landscape conditions.

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<sup>19</sup> **Milani M.**, Iran in a Reconnecting Eurasia: Foreign Economic and Security Interests / Center for Strategic and International Studies, Rowman&Littlefield, April 2016. Lanham, Boulder, New York, London, 23.

<sup>20</sup> Georgian Railway goes to Russia, *Nezavisimaya gazeta*. 16.07.2009 (in Russian).

## Georgia Sea Gate as an integration opportunity for Armenia

As shown above, due to the absence of diplomatic relations with Turkey and Azerbaijan, transport communication between Armenia and these countries is completely absent. Consequently, the traffic flows in the international direction are carried out through Georgia and Iran. Figure 3 shows the main directions of Armenia's freight transportation, including rail, sea and highway directions.

Fig. 3. Main directions of Armenia's freight transportation (www.bsec-organization.org)



The figure shows that the sea lanes of communication have a key role regarding Armenia's trade relations with the outside world. It is important to note that today the sea lanes mostly ensure Armenia's participation in the international transport corridors and, in particular, in TRACECA. Of course, this participation is indirect, as it is provided exclusively through Georgia. However, it largely determines Armenia's integration policy under the conditions of blockade. Armenia carries out import-export operations with the outside world mainly through the following ferries:

1. Ilyichevsk-Poti-Batumi (part of TRACECA),
2. Kerch-Batumi,
3. Poti-Caucasus,

4. Poti-Novorossiysk-Burgas,

5. Constanta-Poti.

Thus, a significant part of freight traffic is carried by railway to the Georgian ports with further redirecting through the rail ferries to the Black Sea ports<sup>21</sup>. Further, the transportation of goods is carried out either by rail or by highways to Russia, Ukraine, Romania, Bulgaria, etc. It can be noted that the increase in the efficiency of use of the mentioned sea routes, as well as the policy of maximum integration into the outside world using maritime transport, are, in fact, a key challenge for Armenia. Today Black Sea ports are the basic points in the intermodal transport. Thereby a competition in the ferry is also increasing. For example, Ukraine has a program for the construction and reconstruction of a number of ports and transshipment facilities, aimed at the development of the ferry service between the ports of Ilichevsk, Varna, Poti and Batumi. In parallel, development of the ports is carried out in Varna, Bulgaria<sup>22</sup>. Black Sea trade communications continue to be the focus of a number of international organizations, among which the steering committee of "The Black Sea region of a Pan-European Transport Area" formed by the European Union, a working group of the Organization of Black Sea Economic Cooperation (BSEC) on Transport, an intergovernmental commission and the General Secretariat of TRACECA, etc<sup>23</sup>. These trends dictate Armenia the need to generate its transport diplomacy, aimed at ensuring sustainable and economically viable access to marine communication format shown above. Under the conditions of the worsening transport blockade, a pragmatic strategy for the use of sea routes could provide a basis for ensuring comprehensive transport security of the Republic of Armenia. Of course, this strategy also involves the upgrading of domestic transport infrastructures and raising the transport cooperation with Georgia to a new level. It is primarily a problem of tariff policy harmonization in the sphere of cargo

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<sup>21</sup> **Degtev A.S., Margoiev A.R., Tokarev A.A.**, Georgia's economy in the space of contradictions of regional powers. *MGIMO-University Bulletin*, 2016, 2, pp. 229-230 (in Russian)

<sup>22</sup> **Dubrovskiy M.** Ukrainian and Russian Waterways and the Development of European Transport Corridors. *European Transport*, 2005, 30, p. 19.

<sup>23</sup> **Grinevetsky S.R., Zhiltsov S.S., Zonn I.S.**, Black Sea knot. Moscow: International Relations, 2007, p. 53. (in Russian).

transportation between Armenia and Georgia, as well as the improvement of transportation process safety.

One of the founders of geopolitics, A. Mahan in his writings on the "sea power" has repeatedly suggested the following thesis: "the sea is not a barrier, but a road"<sup>24</sup>. Of course, this thesis may seem quite suppositive for Armenia given the lack of direct access to the sea, Nevertheless, the existence of a stable functioning intermodal corridor, connecting Armenia with the outside world through Georgia, obliges to consider the problems of Armenian transport security specifically within such a conceptual approach. However, the implementation of this approach is not only supposed to ensure stable access to the port infrastructures and ferry terminals, but also determine the necessity of constant search for ways to participate in the management of the sea ports, also through the use of investment instruments.

## **Conclusion**

1. Search for the ways to integrate into the international transport corridors is a key problem for Armenia's transport security. Limited communication possibilities of the country have a negative impact on its integration capabilities, and a devastating effect on the economy and national security. Moreover, the intended exclusion of the country from a number of transport and logistics projects of the regional importance, initiated by Azerbaijan and Turkey, entails a number of risks of geostrategic level.
2. The deepening transport blockade of Armenia and the lack of opportunities for the direct participation in the ITC "TRACECA" ultimately make the country more vulnerable. It prevents the full development of domestic infrastructure in accordance with international standards and, thus, the improvement of safety level in their operation. On the other hand, the search for the ways of direct integration of Armenia in the TRACECA may ensure the attraction of international capital to the country. This, in its turn, will enhance the strategic importance of Armenia as an economic partner, will raise its

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<sup>24</sup> **Mahan A.T.**, *Influence of Sea Power upon History, 1660-1783*. Little, Browne & Co. Boston, 1890; Repr. of 5th ed., Dover Publications, N.Y., 1987.

status to a full member of the international transport market and will create additional security-guaranteeing instruments against the external threats.

3. The number of unresolved conflicts in the South Caucasus also hinders the full integration process. In particular, the absence of transport communication between Georgia and Abkhazia does not allow Russia to implement the project of Trans-Caucasian Railway (Russia-Abkhazia-Georgia-Armenia) within the "North-South" corridor. This leads to a gradual decasualization of Armenia's probable participation in the ITC "North-South", and demonstrates its direct dependence on the geopolitical situation in the South Caucasus. Thus, regardless of having a geographically favorable location for the ITC "North-South", Armenia is deprived of the opportunity to use its transit potential. This negatively affects the economic activity of the country and significantly reduces its integration capabilities.
4. The absence of any possibility to implement a trans-Caucasian route largely determines the lack of Russia's interest in the construction of the Iran-Armenia railway, which is potentially capable to ensure sustainable transport connection between Russia and the states of Persian Gulf. This alignment leads to the search for additional transport and logistics routes, one of which is the Russian-Azerbaijani-Iranian project of Qazvin-Rasht-Astara railway as a component of ITC "North-South". However, it is clear that despite the lack of funding and unfavorable geopolitical situation in the region, Iran-Armenia railway project should be kept on the agenda of the Armenian-Iranian relations and actively be positioned at the international level. The Iran-Armenia railway may be designed to provide stable intermodal connection "the Persian Gulf - the Black Sea", and thus raise Armenia to a new level of economic development.
5. Today, under the conditions of paralyzed transport communication, the Georgian ports of Poti and Batumi are the major integration opportunity for Armenia. The ports offer the possibility of trading with the Black Sea countries with further access to Europe and Asia. The presence of such intermodal route allows Armenia to provide certain export-import indicators, but at the same time obliges to seek

ways to make the use of port infrastructure and ferries more efficient, primarily aimed at reducing transport costs for both the exported and imported Armenian goods.