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PERSPECTIVES OF TRANSPORT CLUSTER DEVELOPMENT IN GEORGIA

Summary: *Georgia occupies a very special and strategic geographical position in the Southern Caucasus region. It's transport system comprises five modes: rail, road, air, sea and pipelines. Strengthening Georgian transit function and their logistics center will improve competitiveness and the development of the Georgian economy.*

Keywords: *Cluster, Transport, Transit, Logistic.*

Introduction. Clusters are recognized as one of the most efficient system of the Globalization and Innovation, Knowledge Economy. Completion of Georgia transports projects will open new possibilities, port and railway logistics development will stimulate road transport and innovative logistics centers, development of transport cluster network will significantly improve Georgia's competitiveness.

Purpose. The role of transit corridor gives Georgia the function of international importance and enriches more opportunities for sustainable development.

Results. All provinces, towns, cities, and neighboring countries are connected directly or indirectly by one of above-mentioned modes. To improve these connections governments in Georgia since 2005 have revised rules and regulations on the supply of transport infrastructure and services. They have restructured institutions and delegated to line agencies the authority for modernizing the transport system. This has helped draw private capital into aviation (airports and airlines), maritime services (ports and shipping), road transport (all freight and intercity passenger), and pipelines (oil and gas from Azerbaijan and Kazakhstan). The railway is now a state-owned enterprise with the authority to raise capital in the open market, leaving the road network as the only physical asset owned and operated in a traditional, public-sector manner. Transport system use has risen, mainly due to the increased supply that followed reforms. Total freight movement up to 2011 was growing at about 3.5% a year, while rail and bus passenger

traffic was increasing at about 1.5% a year. Railways currently carry about 76.6 % of total freight. Freight handled by ports has increased by about 10% a year, while traffic at the airports has grown by 15%. Cross-border truck movements grew at nearly 15% a year [9]. The road network is about 22,000 km, and road density, at 318 km per 1,000 km² is higher than that of Armenia (279 km per 1,000 km²) and Azerbaijan (223km). Roads are functionally classified as international, secondary (interprovincial), and local (municipal). As previously stated, the Roads Department manages international and secondary roads (6,835 km), and district administrations and cities manage local roads (around 15,000 km). Five international roads totaling 859 km are used mainly by transit traffic. They run north from the Turkey border at Sarpi, serving the Black Sea ports of Batumi and Poti, then east past Kutaisi (second largest city) to Tbilisi, and then southeast to the border with Azerbaijan, total distance of more than 400 km. The other three international roads run south from Tbilisi to the Armenia border. Georgia is a signatory to a number of international transport agreements for the continued development of an integrated road transport network that not only facilitates cross-border transit traffic, but also contributes to regional cooperation and integration.

Georgia and Germany are deepening bilateral ties to improve international foreign transport and consultancy services for a wide range of transport-related projects.

DB and Georgian Railways plan to work together to create a new rail connection from China to Europe via central Asia and Georgia, thereby opening up a new route as an additional option for customers seeking an overland connection.

In March 2016 DB signed an agreement with Chinese national operator, China Railways, to expand the rail connections between Europe and China. Following the deal, DB wanted to make the most of the opportunity afforded by China's Silk Road initiative, 'One Belt – One Road'. This project envisioned a whole array of infrastructural undertakings covering a total of 65 countries.

Georgia is going to play an important role connecting two major transport routes: connecting Western and Central Europe and the other connecting central and South-East Asia.

The initiative allowed Georgia to become a central hub, connecting the Viking route in Europe with the Transport Corridor Europe-Caucasus-Asia (TRACECA). The TRACECA corridor united Armenia, Azerbaijan, Bulgaria, Georgia, Iran, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey, Ukraine and

Uzbekistan. Georgian Railway became a full member of the Viking Container Train route in April 2015. The Viking container train was an international initiative spanning from Lithuania through Belarus, Ukraine, Romania, Moldova, Bulgaria and Turkey that connected the Baltic and Black Seas via railway.

In 2015, the first transit train from Chinese port terminal Lianyungang arrived in Tbilisi. With the arrival of the train, “The Silk Road” was officially opened. Since 2016 within the mentioned project the transportation of an additional several thousand containers is expected. The new route is more time-efficient than its alternative sea route. Previously, cargo from China was delivered to the Black Sea in 40-45 days, while the new route can transport cargo in only nine days. A protocol on setting preferential tariffs for cargo transportation on the Trans-Caspian international transport route was signed between Azerbaijan, Kazakhstan, Georgia and Ukraine.

The effect of the railway development is not possible without involving of Georgian seaports resources and the using of Georgia’s access to the Black Sea. In this aspect the creation of logistics clusters based on the existing infrastructure of the Batumi, Poti and Anaklia ports are very perspective.

The Government has selected Anaklia Development Consortium to build and operate the new Anaklia Deep Sea Port. The Anaklia Development Consortium was jointly established by local company TBC Holding and Conti International (US firm). It is planned to be conducted through seven phases according to the growth of the cargo turnover of the port. The potential throughput of the port should be expandable to 100 million tons per annum. The initial stage should be completed within three years from the start of construction and it is expected that the port should be able to receive cargo of up to 7 million tons.

Cluster development is only one of many strategies for enhancing an economy’s competitiveness. In developing countries, there is frequently not a critical mass of economic activity sufficient to constitute a working cluster. While it can be useful to support potential or latent clusters in developing countries, helping a country to improve its international competitiveness may require more fundamental economy-wide reforms to improve macroeconomic management, the investment climate, and/or investments in education, transportation and communication infrastructure. These reforms may benefit many more people and firms than those in a specific cluster [10].

In general, Georgian authors write about the necessity of reforms and cluster policy in the economy of Georgia, namely: Gagnidze [3,4,5] Gogorishvili [6], Lekashvili [7], Papachashvili [8], Sepashvili [9], Tsetskhladze [10].

Conclusion: The objectives of modernization and development of Georgian transport potential actualize the need to improve the competitiveness of the regions by strengthening their infrastructure and innovative development. Regional transport and logistics clusters formation and development are the most effective tools in this direction. The World experience of transport and logistics clusters operation shows, that their activity is effective in the areas with high transit potential. Taking into account the favorable geographical position of Georgia, increasing its transit potential is a key task, which was defined on the government level as one of the priorities in the economic development strategy “Georgia – 2020”.

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