

Railway Transport Capacity Development Project

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Relevance

The project objectives are meeting the goal and requirements of “Kazakhstan Railway Transport Restructuring Program for 2004-2006”, which aimed at the development of optimal for government and society railway transport functioning system (the previous Program title was “2001-2005 Rail Sector Structural Reform Program). The project is in line with the Kazakh Law “About Railway Transport” from 8th of December 2001. The government’s policy in the road sector prioritizes rehabilitation and maintenance. Among of the program objectives there are production capacity optimization, railway transport efficiency improvement. Railway transport is taking the key role within the transport and communication sector of Kazakhstan Republic because of the raw material economy orientation. In accordance with official statistics (Kazakh Statistic Agency) 70% of cargo transportation and 50% of passenger transportation in year 2003 were provided by railway transport.

“Railway Transport Restructuring Program” is financed from own capital of Closed Joint Stock Company “Kazakhstan Temir Zholy” (KTZ) and state budget. KTZ is monopolist in railway transportation service and has no competitors. The objectives of the project are still relevant because the economic growth within last few years require the necessity for further industry development. At the same time government budget and Company assets are limited and due to fulfill the project objectives there is a necessity of external funding.

One of the principles of restructuring is the keeping of state ownership for the railway network, which aimed at meeting the needs of economy and society and extension of transit potential.

Impact

The length of Kazakhstan railways is about 13.6 thousands km, West of Kazakhstan has only 26.2% of railways (3577 km). Aktogai-Druzhba route that links the former Kazakh capital Almaty and the western border with China will improve the infrastructure of the region and country in a whole. It will effect on the turnover of goods and services, increase the trade between Kazakhstan and China, create the new job places and facilitate new business activities. China and Kazakhstan agreed for further cooperation in the railway transport sector in the future based on the principle of equality and mutual benefit and in line with the laws of each country and the international treaties joined by the two countries. Countries agreed to further develop direct international passenger and freight transport and trans-border transport. Container train transport linking the two countries and at the border will also be promoted. The number of passenger will be stabilized and simultaneously quality of services will be improved. The level of income of population stills not enough high so railway transport is remaining without alternative for majority of people.

I believe the expecting results are the growth of investment attractiveness of infrastructure sector enterprises, passenger and cargo transportation services quality improvement, creation and development of competitive environment at the infrastructure sector, railway transport services market formation and optimization the tariffs policy. It could help to increase the sphere of private capital implementation and entrepreneurship development, to maximize the utilization of transport potential between Europe and Asia.