

Azerbaijan Lends Georgia \$575M

By [The Moscow Times](#)

July 03, 2011

The  **Moscow Times**

BAKU, Azerbaijan — Azerbaijan has agreed to lend Georgia \$575 million for the construction of a railway link that will create a new corridor to transport goods between Europe and Asia.

The Kars-Tbilisi-Baku railway between Turkey, Georgia and Azerbaijan has an initial annual capacity of 6.5 million tons and is due for completion in 2013.

It comes after the construction of oil and gas pipelines that have turned the three countries into a strategic energy corridor. For the moment, there is no direct rail connection between Georgia and Turkey, a legacy of the Cold War, when the border was a front line between NATO and the Soviet Union.

The credit agreement between the Azeri Transport Ministry and the Georgian company Kartsakhi-Marabda for the \$575 million loan was signed in Baku on Friday. The loan is for 25 years with an annual 5 percent interest rate. Azerbaijan has already lent Georgia \$200 million for 25 years under an annual 1 percent rate.

In Georgia the project will involve the construction of a new 29-kilometer stretch of railway and the reconstruction of an old 183-kilometer section.

The project's total cost is estimated at \$1 billion to \$1.2 billion, and the railway's maximum capacity is 17 million tons.

Original url: <https://www.themoscowtimes.com/2011/07/03/azerbaijan-lends-georgia-575m-a8002>