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Report – Webinar

“Islamabad Tehran Istanbul Freight Train: Prospects for Regional Connectivity”

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The Center for Afghanistan, Middle East and Africa (CAMEA) at the Institute of Strategic Studies Islamabad (ISSI) hosted a webinar on the Islamabad Tehran Istanbul Freight Train: Prospects for Regional Connectivity. The webinar was moderated by Ms. Amina Khan, Director, Centre for Afghanistan, Middle East and Africa. Director General ISSI, Ambassador Aizaz Ahmad Chaudhry and Chairman, Board of Governors, Ambassador Khalid Mahmood also participated in the discussion. The speakers included Ambassador Syrus Sajjad Qazi, Ambassador of Pakistan to Turkey, Mr. Ali Anser Zaidi, Deputy Head of Mission Embassy of Pakistan in the Islamic Republic of Iran, Nawabzada Feroz Khan, Director HBCO, Ambassador Mashallah Shakeri, Former Ambassador of the Islamic Republic Iran to Pakistan, Mr. Deniz Istikabal, Economy Researcher at SETA, Mr. Akbar Khodaei, Focal Person for ITI Train at the ECO Secretariat, Islamic Republic of Iran, and Mr. Ali Abdollahi, Head of International Organizations Group International Affairs Department Iranian Railways.

Ms. Amina Khan, Director CAMEA, in her opening remarks, stated that the ITI Train was envisaged in Vision 2025 of the ECO, which suggests an increased degree of trade amongst intra-regional countries. The ITI Train is an initiative towards regional economic integration, which provides countries with alternative routes and helps create economic interdependence and reduces the chances of irritants between them. She went on to say that The ITI brings with it immense opportunities for all three countries as it opens doors for fast paced trade for Turkey, Iran and Pakistan. For instance, Turkey enjoys superior technology and is intertwined with Europe; Iran has a large energy resource depository; and Pakistan not only has abundant labour but can serve as a potential gateway, she stated.

Ambassador Aizaz Ahmad Chaudhry, Director General, ISSI, was of the view that this timely initiative will benefit the entire region. He went on to say that geo-economics is a central element of the new National Security Policy of Pakistan, which rests on the tripod of economic and social security. This ITI initiative has been there for a long time but hurdles came in the way but now the time has come to resolve the issues and move on with this project.

Ambassador Syrus Sajjad Qazi was of the opinion that the ITI Train augurs well and the arrival of three trains gives a very good message. Pakistan promotes and enhances connectivity and all three countries come out as winners. He further said that the ITI cargo train was the first after a

decade as the project could not take off previously. What can be now seen is that the Pakistani government has been strengthening regional connectivity by reviving trade and that is why the ITI Train, which has been dormant for so many years, has been put into action. ECO has taken a great initiative in this regard and the D-8 countries for economic cooperation would all benefit from this initiative. The transportation of goods via the rail route takes up much less time as compared to transportation by sea or road. Therefore, such initiatives can help Pakistan establish connections and he also said that the train is a good illustration of the potential to promote Pakistan as a trade hub.

Mr. Ali Anser Zaidi was of the view that there is an Iran Pakistan bilateral perspective which views Pakistan and Iran as connectors. He went on to say that connectivity has always been there but there is a need to enhance and sustain it. He said that Pakistan and Iran are brotherly neighbours and this ITI Train is a very timely and important initiative, in accordance with Prime Minister Imran Khan's vision of regional connectivity. Pakistan is moving from geo-economics to geo-politics and this project is very well timed. He also said that Prime Minister Imran Khan's vision of regional connectivity is in line with the Iranian Prime Minister, Ebrahim Raisi's vision of connectivity. In all initiatives, Iran has a central role and we must tap into this opportunity, he concluded.

Ambassador Mashallah Shakeri while expressing his views said that the rail network of Iran is more extensive than it was in the past. He highlighted how rules and regulations as well as infrastructure development have changed remarkably. Moreover, transportation capacity has increased substantially and that the ITI train brings a ray of hope as the project has great potential. The ITI route has also been recognized as an international corridor by the UN. He explained that there are some impediments in the ITI project as the Quetta Zahedan route requires refurbishment as it was established in 1902. He was of the view that an extension of the railway to China's border and the contribution of China would be welcome as well. The continuity of the ITI train is of great importance, he concluded.

Mr. Deniz Istikabal was of the view that total foreign freight between Pakistan, Iran and Turkey is not reflective of the good relationship that these countries share. He highlighted how the ITI train reduces transportation costs between the three countries and will also give a boost to

regional economic relations. Pakistan's reach to European countries will also be easier with more market access as will Turkey's trade with the Asia Pacific region. These rail routes can help in improving relations between countries.

Mr. Akbar Khodaei opined that this project is a very timely initiative and he said that although the initiative was started in 2009 but unfortunately it was suspended. However, after a decade the ITI freight train has resumed and became functional in December 2021. He highlighted that there are a number of issues but the issue of sustainability is really important to ensure the movement of trains in the long run. In order to reap benefits and strengthen this relationship certain steps should be taken, such as; construction or rehabilitation of tracks to ensure stability and extension of services to China, Russia, Europe and Afghanistan. Moreover, regularization of train services and computerized shipment should be ensured for safety and security and custom clearance of goods. Timely steps should be taken for the maintenance and rehabilitation of the trade in order to sustain the train initiative and the Government of Pakistan should ensure the sustainability, he concluded.

Nawabzada Feroz Khan, shed light on the time effectiveness of this project and explained that Pakistan has five origin ports from where the trains can load cargo. He explained that rail freight is cheaper than air freight by fifty five percent, which makes it extremely viable. He said that Pakistan should not just focus on Turkey as a destination, but should aim at the European Union. He went on to say that after the ITI Train, the Islamabad, Tehran and Tashkent Train will be launched soon and a MoU has also been signed in this regard. He said that the ECO Secretariat has been very supportive in this regard and has played a key role in the revival of this project. He concluded by saying that a Free Trade Agreement (FTA) worth 450 million dollars will be signed soon, for the rehabilitation of this project.

Mr. Ali Abdollahi, while giving his views said that reliability and sustainability of this project is very important. There are various challenges and problems and the foremost is that the speed of trains in Pakistan is slow and there is railway gauge difference between Pakistan Iran and Turkey and the axial load is less in Pakistan compared to Iran and Turkey. Work has also been going on for the continuation of this train to Europe. The use of combined transport in order to boost trade is a good idea and this corridor is very important and helpful for regional countries. This train

should be further extended to Europe and other. In 2021, there has been the transportation of cargo from Uzbekistan and Turkmenistan to Pakistan via the rail route. In the year 2021, in comparison with 2020, there has been 200 percent increase in transportation costs, he stated.

The webinar ended with an interactive question and answer session.

While answering a question about the impediments of the sanctions on Iran on ITI, Mr. MashAllah Shakeri said that the proof of pudding is in eating of it and it has proven three times that ITI is operable and is beneficial to the interests of all the countries, even the extraterritorial countries. He further said that he sees the silver side of the cloud that there is no impediment as there is resilience to have this operation. Finally, he remarked that the only problems here are the technical ones, not political. While answering a question about the sustainability and reliability of the ITI project, Ambassador Syrus Qazi said that the sustainability and reliability of the project shall be determined by the private sector in the sense that if they see benefit in it, the ITI will continue and if they do not see benefit, it unfortunately will again go the way it went 10 years ago. However, Nawabzada Feroz Khan spoke very optimistically about it and said that our job is to be the facilitators and provide all the facilitation and smooth all the wrinkles in terms of intergovernmental contacts, he said. Moreover, he said that the final analysis is always the money and if the gradient is good, the money will flow. Addressing the same question, Mr. Feroz Khan said that it is important to have a consortium in order to develop an understanding between the three countries as the railroad connectivity is passing through those regions which are strategically very important in this region. He then went on to say that Pakistan railway has initiated some funds for the rehabilitation of the track through Balochistan. Furthermore, he highlighted that it is important to know if we have the freight arranged for the next two three years. While answering a question, Mr. Akbar Khodaei remarked that the main challenge for this corridor is the challenge of sustainability and there are a number of sustainability factors which need to be addressed properly. He said that the reconstruction of the line comes first and then further development and extension of the service to Europe is also a key factor. Involvement of the private sector for ensuring freight demand is a must and it will lead to regularization of the train service, he said. Moreover, he talked about establishment of a joint stock company between the private sectors of the three countries.

In his concluding remarks, Chairman Board of Governors, Ambassador Khalid Mahmood, stated that there is no dearth of plans at the national and international level; however, having concrete projects is important. He said that the ITI Train is an example of a concrete project and this is an opening to a much wider opportunity and it opens many new doors. He further said that in order to sustain such projects, the business community must come forward and play a role. He concluded by saying that countries develop as regions develop.