

ECO summit promotes 'Silk Road' economic development

by Hussein al-Nadeem

To the southeast of Europe, in a region at a safe distance from a Europe both economically depressed and beset with the self-destructive political-economic Maastricht austerity ideology, nations have started a march toward economic reconstruction and development.

One year ago, on May 13, 1996, President of Iran Ali Akbar Hashemi Rafsanjani, President of Turkmenistan Saparmurat Niyazov, 12 additional heads of states from the region, and high-level representatives of more than 50 nations from around the world attended the inauguration of a 165-kilometer railway line linking the city of Mashhad, in north-eastern Iran, to Sarakhs and Tajan, in neighboring Turkmenistan (see **Figure 1**). This short rail line became the focus of most of the world's media that day, because it filled a gap in a railway network extending from China's eastern ports on the Pacific Ocean to the western European ports on the shores of the Atlantic Ocean—the "New Silk Road."

The most important aspect of this New Silk Road, or Eurasian Land-Bridge, as American political economist Lyndon H. LaRouche and his associates in *EIR* have emphasized, is that, given the right choice of policy practice in the industrial nations in Europe and the United States, it represents "a locomotive, a motor for a process of worldwide economic recovery," to create millions of highly productive jobs and to lift the living standard of three-quarters of the world population out of the depression and financial-banking crisis engulfing the world economy today (see the *EIR Special Report*, "The Eurasian Land-Bridge: The 'New Silk Road' — Locomotive for Worldwide Economic Development").

ECO's main objective

The inauguration of the Mashhad-Sarakhs-Tajan rail line became the occasion for a summit meeting of the heads of states of the newly established Economic Cooperation Orga-

nization (ECO), comprising 10 Muslim nations from the Middle East, Central Asia, and the Asian subcontinent—Iran, Turkey, Pakistan, Afghanistan, Azerbaijan, Turkmenistan, Uzbekistan, Kazakhstan, Tajikistan, and Kyrgyzstan. The main objective of these nations has been economic development. The ECO members started with planning the construction of transport infrastructure projects. The primary goal has been the linking of each member-state to the others through a massive network of railroads, highways, and ship lines, and to link these countries, especially the newly independent Central Asian states, to Asia in the east and Europe in the west through similar networks. The other major aspect of the ECO cooperation has been to enable land-locked Central Asia, which has massive deposits of oil and natural gas, to reach the world markets in the Persian Gulf, Asia, and Europe, through the construction of a network of oil and gas pipelines stretching from Central Asia, especially Kazakhstan and Turkmenistan, through Iran and Turkey to Europe, through Iran or Afghanistan to Pakistan and Southeast Asia, and through Uzbekistan and Kyrgyzstan to China and East Asia.

The main issue here is not the mere transport of physical goods and passengers, or the piping of gas and oil to markets thousands of miles away. The real issue is the creation of what LaRouche and *EIR* term "development corridors," of 100-150 kilometers in width, and including high-speed railways; roads; water canals and water management systems, including the utilization of nuclear energy for water desalination and industrial use; gas and oil pipelines; new cities; modern agro-industrial zones; and so on. These are the preconditions for the success of any regional economic cooperation forum within the borders of the Eurasian land-mass.

ECO seems to be taking its first steps toward such an approach, and has put its emphasis and potentials on regional projects related to the New Silk Road, as the heads of the

member-states have repeatedly indicated. In their recent summit meeting in Ashkhabad on the first anniversary of the inauguration of the Mashhad-Sarakhs-Tajan line, the ECO states reached a number of agreements consolidating their previous commitment to this development approach.

The guidelines

On May 14, President Rafsanjani sketched the guidelines for ECO activities in the coming few years. Rafsanjani called on the member-states to utilize the enormous energy reserves of the region and to expand cooperation among themselves. He said, "Taking into account the special location of the region, the priorities are focussed on three sectors — trade, transport and telecommunications, and energy — for at least the next 10 years, so that special attention should be given to promote the three areas of cooperation."

Rafsanjani added, "Another prerequisite for regional cooperation is the formation of an organized transport network, and, because some member-nations are landlocked and do not have an easy access to the open sea," the matter should receive "top priority." He said that setting up the Mashhad-Sarakhs-Tajan rail link has been a fundamental step forward which has practically put an end to the transport limitations imposed on the Central Asian nations.

Most important, Rafsanjani reiterated his strong stance that "if the financial responsibility of carrying out these projects were to be given to international financial institutions, it's very unlikely that these projects would be achieved." He emphasized that the financing of these projects "should be done internally as much as possible." As *EIR* has repeatedly documented, there is not one example of a country whose economy accepted the policy dictates or "assistance" of such international financial institutions as the International Monetary Fund and the World Bank, which did not end in a complete disaster.

Turkey's President Suleyman Demirel told the ECO summit that the Iranian President's speech was "the most comprehensive report on the 10 nations' Economic Cooperation Organization." Demirel pointed out that "if the course of action for ECO's future is going to be based on the guidelines provided by President Rafsanjani, ECO will emerge successfully from some of the obstacles it is facing." He added that "ECO is fully prepared for entry into the 21st century," and that the cooperation between member-countries would help boost the living conditions of the people in the region. Praising the Mashhad-Sarakhs-Tajan rail link, he stressed that "the extraordinary summit at Ashkhabad is, without a doubt, a nascent transformation in the direction of strongly setting up the infrastructure of communications and land surface transportation on the Asian continent." He stressed the need for connecting Turkey's rail network to the Central Asian countries.

Meanwhile, the President of Tajikistan, Imomali Rakhmonov, said that "the Sarakhs-Tajan railroad is part of a huge Asian transportation project which will eventually connect

Tajikistan's, Kyrgyzstan's, and Azerbaijan's railroad networks in the future."

Oil and natural gas agreements

In this context, during the summit, a number of very significant bilateral, trilateral, and mutual agreements were signed. Pakistan and Turkmenistan signed a protocol for a Joint Working Group, and agreed to make efforts toward ensuring that physical construction on gas and oil pipeline projects linking the two countries commence before the end of the current year. However, the two countries have not made public the third country through which these gas and oil pipelines will pass. The only two possible partners are Iran or Afghanistan. Although Afghanistan is a member of ECO, the Taliban, who control three-quarters of the country, were not represented. ECO recognizes the ousted government of Burhanuddin Rabbani as the legitimate leadership of Afghanistan. However, Western oil companies have already started negotiations with the Taliban to build a gas pipeline from Turkmenistan to Pakistan through the Afghan territories under their control.

Meanwhile, Iran, Turkey, and Turkmenistan signed an agreement calling for transfer of gas from Turkmenistan to Turkey via Iran. The document was signed by Rafsanjani, Demirel, and Niyazov. According to the agreement, Turkmenistan is to annually transfer 30 billion cubic meters of gas to Turkey and then to European markets via Turkey.

Kazakhstan's President Nursultan Nazarbayev also announced at the summit that the ECO heads of state approved a pipeline to carry oil from Kazakhstan through Iran to world markets. Nazarbayev has described Iran as the best and most economical route for transport of oil from the region to world markets. Iran is currently importing oil from Kazakhstan at its Caspian Sea terminals in the north, for use in domestic power generation and industry in northern Iran, because there are no pipelines bringing its own oil from the south of the country near the Gulf, to the north. Iran, at the same time, sells the same amount of oil it imports from Kazakhstan for the account of the Kazakh oil company at the Iranian terminals in the Gulf, according to the swap deal the two countries signed last year.

Currently, Iran and Turkmenistan are completing the final stages of a gas pipeline project to transfer Turkmen gas to Iran. According to the \$190 million project, to become operational within the next six months, Turkmen gas will be transferred to Neka, in northern Iran, through a 200-kilometer pipeline. In the first stage, transfer of 2 billion cubic meters of gas per year has been envisaged; the amount is to be increased to 8 billion cubic meters a year later. Iran might have a similar swap deal in the works with Turkmenistan, to sell Iranian gas in the Persian Gulf in return for gas imported from Turkmenistan in the north.

In total, four pipelines would be set up to carry oil from Central Asia, Iran, and the Persian Gulf, through Turkey to Europe, as well as an oil pipeline passing through Kazakhstan,

FIGURE 1

Central Asia: existing and newly constructed railways



Uzbekistan, Turkmenistan, Afghanistan, and Pakistan. The final declaration of the ECO summit also referred to the expert studies of setting up gas networks in Turkmenistan, Uzbekistan, and Kyrgyzstan to pipe gas from Central Asia to East Asia.

Transport projects

As for transport, the final declaration summed up the projects to be carried out in the immediate period ahead. Terming the opening of the Mashhad-Sarakhs-Tajan rail line as very significant for building linkage between Central Asian nations and Europe, as well as the Persian Gulf and Asia, the declaration said that “the railway will be extended from Sarakhs to Tashkent [capital of Uzbekistan] and Almaty [capital of Kazakhstan] to develop trade in the region.” The declaration said that railway facilities should be developed in the region, and that ECO member-states are required to build more locomotives to meet the requirements of the new links. A new railway would be built between Kazakhstan and Turkmenistan joining the Iranian port of Turkman. According to the declaration, Turkmenistan’s President Niyazov was appointed head of the ECO “railway consortium.”

Iranian authorities are currently working to finish the railway link from the Iranian city of Kerman, to the Pakistani town of Mirjaveh, filling another major gap in the southern route of the Silk Road. Another railway is planned to extend from Mashhad to the Iranian port of Bandar Abbas on the Persian Gulf, cutting the distance from Central Asia to the Gulf by 900 kilometers. Work is also being carried out on a new rail line between Iran and Turkey, linking the whole southern network to Europe.

Stronger ties to Asia

On May 18, Following the Ashkhabad ECO summit meeting, another important conference was held, hosted by Iran. The conference was attended by executives of such major Asian groupings as the Association of Southeast Asian Nations (ASEAN), the South Asian Association for Regional Cooperation (SAARC), the South Pacific Forum, and the Economic and Social Commission for Asia and the Pacific. The theme was the same: building the Eurasian Land-Bridge.

Opening the conference, Iranian Foreign Minister Ali Akbar Velayati said: “The Mashhad-Sarakhs-Tajan railway line and the revival of the ‘Silk Road’ has cut the distance between Asia and Europe by 4,500 kilometers, and by using Iran’s road and railway networks, countries in the Pacific and Indian Ocean [basins], especially the member countries of ASEAN, SAARC, and the South Pacific Forum, are able to have access to the markets in Central Asia and the Caucasus.” Velayati stressed the firm resolution of Iran and other ECO members to establish stronger ties with other regional organizations in Asia.

Velayati termed trade as conducive for cooperation and exchange of experiences among these organizations. He de-

scribed development of transport as essential for promotion of intra-regional trade, saying that “with regards to the large volume of commercial exchanges among member-countries of Asian sub-regional organization, the infrastructures of the region for road, railway, and air transport as well as shipping can be utilized by all member-countries.” Velayati touched on the huge gas and oil reserves in Central Asia, the Caucasus, and the ECO member-nations, saying that the need for applying appropriate technology for optimal use of Caspian Sea gas and oil reserves, as well as suitable land and sea transit routes and the growing need of South and East Asia for natural gas, make cooperation in the energy sector inevitable.

As *EIR* has elaborated in several locations, the question of building the Eurasian Land-Bridge is not merely an idea or a proposal to be adopted or not. First, the New Silk Road is already an established fact, and countries such as China, India, Iran, and those in Central Asia, and even Russia, are cooperating to accomplish these projects, and the work is going on. Second, because of the massive technological and capital input required, the industrial countries in western Europe and the United States, if they are to act in their self-interests, have *no choice* but to join China, Central Asia, Iran, and other nations in Eurasia to make this great transcontinental project function, in order to save the world economy. Otherwise, they will plunge deeper into the current economic depression leading the whole world, at an accelerating pace, into a new dark age.

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