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 Sa-
parmurat Niyazov, 12 additional heads of states from the re-
region, and high-level representatives of more that 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 Turkmeni-
stan (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 Euro-
Asian 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 loco-
motive, a motor for a process of worldwide economic recov-
ery,” 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 Mid-
dle 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 develop-
ment. The ECO members started with planning the construc-
tion 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
most of the world’s media that day, because it filled a gap in
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states of the newly established Economic Cooperation Orga-
member-states have repeatedly indicated. In their recent sum-
mit meeting in Ashkhabad on the first anniversary of the inaug-
uration 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 re-
gion, the priorities are focussed on three sectors—trade, trans-
port 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 co-
operation 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 proj-
ects 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 Mone-
tary Fund and the World Bank, which did not end in a com-
plete 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 Coopera-
tion 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 peo-
ple in the region. Praising the Mashhad-Sarakhs-Tajan rail
link, he stressed that “the extraordinary summit at Ashkha-
bad is, without a doubt, a nascent transformation in the
direction of strongly setting up the infrastructure of commu-
nications and land surface transportation on the Asian contin-
ent.” He stressed the need for connecting Turkey’s rail
network to the Central Asian countries.

Meanwhile, the President of Tajikistan, Imomali Rakh-
monov, 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 net-
works in the future.”

Oil and natural gas agreements

In this context, during the summit, a number of very sig-
nificant bilateral, trilateral, and mutual agreements were
signed. Pakistan and Turkmenistan signed a protocol for a
Joint Working Group, and agreed to make efforts toward en-
suring that physical construction on gas and oil pipeline proj-
ects 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 pipe-
lines 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 Bur-
hanuddin Rabbani as the legitimate leadership of Afghan-
istan. However, Western oil companies have already started
negotiations with the Taliban to build a gas pipeline from
Turkmenistan to Pakistan through the Afghan territories un-
der 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, Turk-
menistan 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 an-
ounced 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 Turkmeni-
stan 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

[Map of Central Asia showing existing and newly constructed railways, with labels for major cities and countries, and various arrows and lines indicating routes.]

- Existing main rail lines
- Newly completed rail line
- Routes under construction
- Proposed new rail routes
Uzbekistan, Turkmenistan, Afghanistan, and Pakistan. The 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.

**Transport projects**

As for transport, the final declaration summed up the projects to be carried out in the immediate period ahead. Termining 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 declared 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.

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