

## THE SLOVAK REPUBLIC AS PART OF THE SILK ROAD PROJECT

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**Abstract:** *The aim of the paper is to present the participation opportunities of the Slovak Republic to the international transport project OBOR (The One Belt and One Road). The OBOR Project is one of the initiatives of the People's Democratic Republic of China to increase the international trade between Europe and China. In the framework of the freight transport, all other countries through which each corridor passes through are also able to engage in international trade. The OBOR project is divided into two equally significant basic parts: the Silk Road and the Marine Silk Road. The authors see the possibility of the Slovak Republic of participating in two railway transport corridors. The geographical position of the Slovak Republic and its transportation capacity make it a major transport hub, which can only be a benefit to the OBOR Project.*

**Keywords:** *One Belt One Road, Silk Road, intermodal terminals, Slovak Republic, China*

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### Introduction

The Silk Road is part of a Chinese government investment plan (One Belt, One Road – OBOR); it is a logistics and transport network

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between Asia, Europe, Middle East, and Africa (the total of sixty-five countries with a share of one-third of global GDP and 60% of the world's population). The development-oriented OBOR is initiated rather than built and is owned only by China. OBOR is different from China's past international economic cooperation because it aims to engage with multilayered networks, expanding connectivity and maximizing synergies with relevant participants.[8]The entire OBOR initiative is divided into two parts (Figure1):

- “Silk Road Economic Belt” which is a mainland road. It will connect China with Central Asia, East and West Europe. It will be a network of roads, railways, oil pipelines, power networks, ports, and other infrastructure projects.
- “21st Century Maritime Silk Road”. It will link China with Southeast Asia, Africa and Central Asia. Slovakia can participate in One Belt, One Road (OBOR) Project in the part of “Silk Road Economic Belt” in The China–Central Asia–West Asia Economic Corridor, or in the continuation of The New Eurasian Land Bridge Economic Corridor.

## 1 One Belt One Road

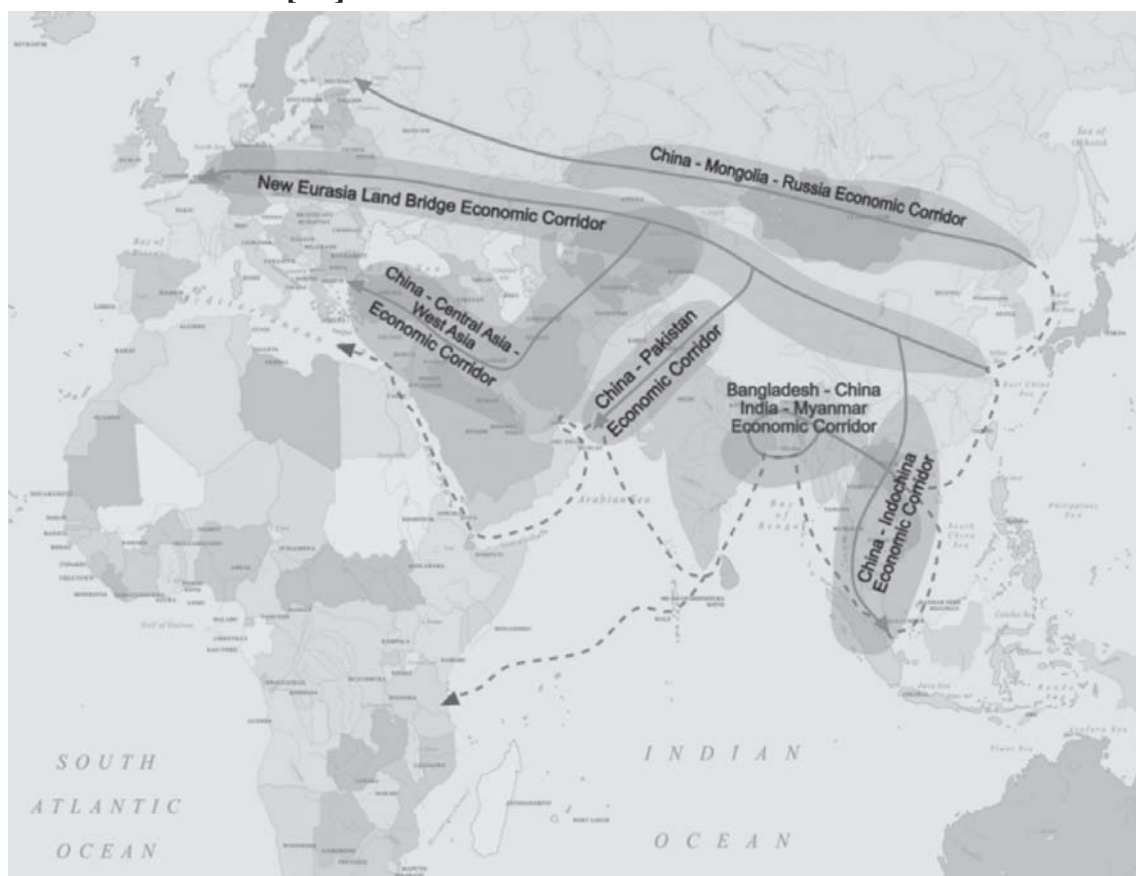
In the OBOR initiative, there are altogether six designed economic corridors and one maritime way (Picture 1) [10]:

1. The New Eurasia Land Bridge Economic Corridor (connects West China with North Europe through Russia and Poland).
2. The China – Central Asia – West Asia Economic Corridor (connects West China with Turkey through Central and West Asia).
3. The China – Mongolia – Russia Economic Corridor (connects North China with East Russia through Mongolia).
4. The China – Indochina Peninsula Economic Corridor (connects South China with Singapore through Indochina).
5. The China – Pakistan Economic Corridor (connects Southwest China with Pakistan).
6. The Bangladesh, China, India, Myanmar Economic Corridor (connects South China with India through Bangladesh and Myanmar).
7. Maritime Silk Road connects the coastal China with the Mediterranean region through Singapore – Malaysia, the Indian Ocean, the Arabian Sea, and the Strait of Hormuz.

The diversification of transport flows is caused not only by purely economic but also by geopolitical factors. Russia still controls the rail transport over Eurasia and the US has long dominated the sea. [3] OBOR depends on a series of delicate geopolitical calculations. Today only three nations can be considered continental powers: China, Russia, and the United States. [13]

Figure 1

## OBOR corridors [12]



## 2 Involvement of Slovakia

Slovakia is particularly interested in rail transport investments, including transshipment yards, as well as other Chinese investment activities. Current negotiations with the Chinese side are ongoing with the Concept of Development of Relationships [9], approved in April 2017 by the Government of the Slovak Republic. “Slovakia has long been interested in this investment project. It is a historical opportunity and is considered to be a century-old project; Chinese side and other important states such as Russia have a strong interest in launching a new Silk Road. Although the details are not yet known,

it seems that the question is whether it will be with us or without us” (Peter Žiga, Minister of Economy of the Slovak Republic, after negotiations at Summit in Beijing under the title One Belt, One Road). [11]

Slovak government efforts are linked to the Agreement of Understanding between the Government of the Slovak Republic (SR) and the Government of the People’s Republic of China on joint support for an initiative of the Silk Road Economic Belt and the 21st Century Maritime Silk Road in 2015 and the Memorandum of Understanding between the General Customs Administration of the People’s Republic of China and the financial administration of the SR on the Successful Economic Roadways initiative of 2016. [7] The opportunity for participation in OBOR project is in the connection to The New Eurasia Land Bridge Economic Corridor or The China – Central Asia – West Asia Economic Corridor.

**The China – Central Asia – West Asia Economic Corridor** links China and Turkey through Central and West Asia. This branch will connect the countries of Central Asia and Pakistan, Afghanistan, and the Caspian region (Kazakhstan, Kyrgyzstan, Turkmenistan, and Uzbekistan). From there it will lead to Iran and to the Turkish border and further to the Greek port of Piraeus (where the Chinese company Cosco Pacific received a concession at the port for 35 years) [2], next to the Central Europe, Belgrade and Venice. In November 2017, an agreement between the consortium of Chinese companies and the Serbian government on the construction and financing of the first phase of the planned “fast track” between Belgrade and Budapest was signed at the summit of China and sixteen eastern European countries in Riga (Chinese initiative 16 plus 1). From there, the corridor can continue along the Danube or north to Poland through Slovakia. The Kopper port<sup>3</sup> is without additional investments to own, and rail infrastructure is already on the maximum of its capacities, from the rail transportation to Europe point of view. If ships from Asia use the Constanta port in the mouth of the Danube to the Black Sea more often, it is possible to use the high transport capacity of the Danube for further transport to Central Europe.

**The New Eurasia Land Bridge Economic Corridor** connects Western China to Western Russia. It leads through Russia and Poland. The advantage

<sup>3</sup> The port is connected to the Trans-European Transport Network (Mediterranean Corridor and the Baltic-Adriatic Corridor and the Pan-European Corridors, with almost two-thirds of the cargo coming and leaving the port by rail.) An important role of the port is the import of components and parts from South Korea. Imports are 140 thousand TEU per year (1,250 million tons of cargo) shipped twice a week.

is the existence of a broad gauge railway to Lodz, with the possibility of continuing construction into the port of Rotterdam. This corridor was also used in the summer of 2017 by the first direct freight train from Prague through Poland, Belarus, Russia, Kazakhstan to the Chinese city Yiwu in east China's Zhèjīāng province. The train was loaded with goods with a total value of about five million dollars. In January 2017, this corridor also launched the first train with a total cargo value about five million euros from London, the fifteenth European city that has joined the New Silk Road.

One part of The New Eurasia Land Bridge Economic Corridor is composed of the Trans-Siberian highway connected to the Chinese rail network, crossing through Russia, Ukraine to Kosice, where it ends. The Slovak Republic has established a connection with Ukraine from the time of the Soviet Union. Unfortunately, at present, the routes of the New Silk Road have been circumvented in order to avoid the risk areas. The Regulation of the President of the Russian Federation, which means the total limitation of the possibility of having a transit road and rail transport originating in Ukraine and passing through the territory of the Russian Federation to third countries such as Kazakhstan. If Ukraine wants to use the transit through the Russian Federation, it must first enter the territory of Belarus and from there it can continue to the Russian Federation (at the border with Belarus and the Russian Federation, all transit shipments are equipped with global satellite navigation monitoring and tracking equipment and are subject to tracking throughout transit). The Regulation was valid until 1 July 2016 and was extended until 31 December 2017<sup>4</sup>. These restrictions do not apply to shipments from the countries of the European Union through the territory of the Russian Federation to third countries such as Kazakhstan or China or from Asian countries through the territory of the Russian Federation and Ukraine to the countries of the European Union. This government regulation introduces border control with all the features that belong to it.

Slovakia is making efforts to alleviate concerns over transit through Ukraine. In June 2017, after an annual break, a freight train from China was transferred again through Slovakia. At the Slovak – Ukrainian border, Combined Transport Terminal DOBRÁ<sup>5</sup> (Figure 2) 41 containers were

<sup>4</sup> REGULATION NO. 1 President of the Russian Federation on measures to safeguard the economic security of the national interests of the Russian Federation in the conduct of international transit journeys from the territory of Ukraine to the territory of the Republic of Kazakhstan through the territory of the Russian Federation.

<sup>5</sup> Terminal of combined transport DOBRÁ is a Slovak terminal for transshipment between a broad gauge and a European railway gauge with two gantry cranes and a transshipment



Železničná spoločnosť Cargo Slovakia a.s., Martin Vozár, one train from China every week (via Kazakhstan, Russia, Ukraine, Čierna nad Tisou, and further to Hungary) should arrive at the Slovak–Ukrainian border. For the future, we expect an even larger increase.

On November 2017 the train from the Chinese port of Dalian arrived through the Dobrá terminal to the SPaP<sup>6</sup> terminal in Bratislava in eleven days. Bratislava became the seventeenth European city with direct rail connection with China. For the next year, the train from Dalian, will arrive to Bratislava once a week, and in the second half of the year, twice a week. China chose SPaP because of its location and a trimodal container terminal for rail, road and water transport. In the future, it is possible to double the container volume, from the current roughly 60,000 TEU (one TEU is a container ISO 1C or 20-foot container). The SPaP terminal is currently transporting freight trains from the Czech terminal Mělník, from the German port of Bremerhaven near the North Sea, from the Slovenian port of Koper near the Adriatic Sea, and transporting from the Braunschweig terminal in Germany to Belgian Antwerp.

In 2016, 1881 freight trains were transported between China and Europe. In 2020, China plans to ship up to 5000 trains per year. Despite the fact that the EU and China economies together represent 1/3 of the world economy, their mutual trade exchanges represent only 1.5% of the world trade, which indicates a tremendous potential for the further trade development. At the end of the year 2015, eleven regular trains from China to Europe came to seven EU countries. That was an increase of 285% compared to 2014. While for the first nine months of the year 2015, 503 container trains were shipped to Europe, through the railways of Kazakhstan and the Russian Federation, in the same period in the year 2016, there were 1,210 container trains. That was an increase of approximately 250%. 99% of the trains were transhipped from broad gauge railway to the European standard rail gauge in Belarus – Poland borders (city Brest).

At present, approximately 100,000 containers are transported annually, with the assumption of growing up to 500,000 containers. Therefore, the objective of Slovakia's objective (according to the Concept of Development of Economic Relations between the Slovak Republic and the People's Republic of China for the years 2017–2020) is to obtain at least a 50% share of transit shipments from China to Europe.

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<sup>6</sup> Slovenská plavba a prístavy, a.s. (Slovak Shipping and Ports).

### 3 Assumptions of future development of cooperation

The Slovak Rail Network is part of the seven major European rail corridors (Figure 3: European Rail Freight Corridors) and allows freight trains to travel at a speed of 120 kilometres per hour. The Slovak Republic is part of the three European rail corridors with direct connection to the terminals in Bratislava, Žilina, Košice and Dobrá.

European Rail Freight Corridors crossing the Slovak Republic

**RFC 5** – Baltic-Adriatic corridor, length in 4,825 km. It connects Poland, the Czech Republic, Slovakia, Austria and Italy.

**RFC 7** – Orient–East Med corridor, length in 7,700km. It connects the Czech Republic, Austria, Hungary, Romania, Greece, Bulgaria, and Slovakia.

**RFC 9** – Rhine–Danube corridor, length in 970 km. It connects the Czech Republic and Slovakia.

Figure 3

#### European Rail Freight Corridors [1]



Source: Regulation (EU) No 913/2010 of the European Parliament and of the Council of 22



September 2010 concerning a European rail network for competitive freight Text with EEA relevance.

At present, eight combined transport terminals are in operation in Slovakia: Sládkovičovo, Žilina, Košice – Veľká Ida, Dunajská Streda, Dobrá pri Čiernej nad Tisou, Haniska pri Košiciach, and two in Bratislava (ÚNS, Port). The transport capacity of Slovakia today is far from fully exploited. Table 1 shows the total capabilities of active transport terminals at the Slovak borders.

Table 1

### Total Capabilities of Active Transport Terminals in the Slovak Republic

|                               | Total Terminal Area (m <sup>2</sup> ) | Handling of            | Rails  | Gantry Cranes   | Reachstackers                    | Interim Storage                   | Depot     |
|-------------------------------|---------------------------------------|------------------------|--|---|----------------------------------|-----------------------------------|-----------|
| Žilina                        | 5976                                  | Container              | 1 x 425 m<br>1 x 470 m<br>Total number of tracks: 2<br>Total usable length: 895 m              |   | 2 x 26 t / 15 handlings per hour | 3000 m <sup>2</sup>               |           |
| Bratislava ÚNS (ČSKD INTRANS) | 34500                                 | Container              | 1 x 290 m<br>1 x 297 m<br>1 x 325 m<br>Total number of tracks: 3<br>Total usable length: 912 m | RMG (Rail mounted Gantry Cranes)<br>Rail: 1 x 32 t / 30 handlings per hour        | 1 x 24 t /                       | 16000 m <sup>2</sup>              |           |
| Bratislava Palenisko          | 21000                                 | Container              | 1 x 150 m<br>1 x 300 m<br>Total number of tracks: 2<br>Total usable length: 450 m              | RMG (Rail mounted Gantry Cranes)<br>Berge, Rail: 3 x 20 t / 20 handlings per hour | 2 x 45 t / 15 handlings per hour | 11000 m <sup>2</sup>              |           |
| Dunajská Streda               | 280000                                | Container<br>Swap Body | 5 x 650 m<br>4 x 550 m<br>Total number of tracks: 9<br>Total usable length: 5450 m             | RMG (Rail mounted Gantry Cranes)<br>Rail: 3 units / 30 handlings per hour         | 4 x 42 t / 15 handlings per hour | 250000 m <sup>2</sup> / 25000 TEU | 15000 TEU |
| Košice (ČSKD INTRANS)         | 14820                                 | Container              | 2 x 180 m<br>Total number of tracks: 2<br>Total usable length: 360 m                           | RTG<br>Rail: 2 units / 30 handlings per hour                                      | 2 x 35 t / 15 handlings per hour | 2600 m <sup>2</sup>               |           |

|                                    |        |                                       |  |   |                                  |                                  |          |
|------------------------------------|--------|---------------------------------------|--|---|----------------------------------|----------------------------------|----------|
| Košice (Metrans)                   | 25000  | Container                             | 2 x 300 m<br>Total number of tracks: 2<br>Total usable length: 600 m   |   | 2 x 42 t / 15 handlings per hour | 3000 TEU<br>20000 m <sup>2</sup> | 2000 TEU |
| Sládkovičovo Kontajnerový terminál | 30000  | Container                             | 2 x 300 m<br>Total number of tracks: 2<br>Total usable length: 600 m   | RMG (Rail mounted Gantry Cranes)<br>Rail: 1 x 40 t / 30 handlings per hour        | 3 x 45 t / handlings per hour    | 17000 m <sup>2</sup>             |          |
| TKD Dobrá                          | 180750 | Container<br>Swap Body<br>Semitrailer | 2 x 579 m<br>2 x 594 m<br>2 x 709 m<br>2 x 807 m<br>Total number of tracks: 8<br>Total usable length: 5378 m | RMG (Rail mounted Gantry Cranes)<br>RTG<br>Rail: 2 x 50 t / 30 handlings per hour | 1 x 45 t / 15 handlings per hour | 1730 TEU<br>2640 m <sup>2</sup>  |          |

Source: <http://www.intermodal.sk/intermodalne-terminaly-v-slovenskej-republike-pvk/312s>.

Operation of two terminals in Ružomberok and Trstená is temporarily suspended. For the success of Slovak initiatives it is important to develop and invest in railway infrastructure and container terminals so as to increase the transshipping capacity between 1,520 mm gauge trains used in former Soviet countries such as Russia, Kazakhstan or Belarus and standard trains (1,435 mm) used in China and the EU, and the expansion of Intermodal Terminal Dobrá. Also the modernization of the broad gauge railway between Maťovce and Košice on the route Uzhgorod – Košice (mainly used for the transport of iron ore from Ukraine to the steel industry in Košice). Key projects include the Intermodal Terminal and the Global Logistics and Industrial Park (GLIP) in Košice, the Intermodal Terminal Bratislava (Rail, Road and River) near the Bratislava International Airport and the new intermodal terminals in Žilina and Leopoldov. In April 2017 The Railway Company of the Slovak Republic (ŽSR) commenced the construction of TIP Lužianka, which should serve mainly for the needs of the at Jaguar – Land Rover Industrial Park.

Cargo-Partner, in its strong market position in the Central and Eastern European region and its logistics centres in Bratislava and Dunajská Streda (next to the largest railway terminal in Slovakia), extends its transshipping and storage capacity in Slovakia following intramodality throughout Central and Eastern Europe. At the same time, it is building offices in Asia, Hong Kong, Taiwan, South Korea and five ASEAN countries (Malaysia, Myanmar,

Singapore, Thailand, and Vietnam) in the Asia-Pacific region. The company opened a new interconnected customs warehouse in Shanghai in October 2016 and has prepared plans for continuous service development, particularly in the area of information technology, e-commerce solutions and vertical knowledge of the market in food and beverages, healthcare, textiles, and fashion products.

## Conclusion

The participation of the SR in the OBOR projects depends on if the infrastructure and policies in the area of transport and trade are prepared or not. The Government has taken measures to eliminate the bottlenecks in the Slovak territory; to thoroughly assess all possibilities offered by China to finance infrastructure under SR, cross-border and transnational projects related to the OBOR project. For projects, it is necessary to design a financing model using a combination of public and private resources; to realize the objectives of modernization in the transport and logistics infrastructure (Maťovce – Košice, Haniska broad gauge track; Intermodal Goods Terminal; Intermodal Košice Terminal; Intermodal Leopoldov Terminal and Trimodal Bratislava Terminal and Intermodal Žilina Terminal); as well as to implement the project GLIP ŽSR Global logistics and the Košice Industrial Park.

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