

The Increasing Relevance of the Middle Corridor in Sino-European Trade: Which role for Azerbaijan?

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Against the backdrop of the invasion of Ukraine, several international shippers are reorganizing land transportation to avoid Russian territory and favour alternative transit routes. New transport initiatives are already being redirected to the south and, taking into account that Iran is also under sanctions, the Trans-Caspian International Transport Route, known as Middle Corridor, is currently in the spotlight as the main alternative multimodal route for East-West land transportation. This article discusses in detail the potential of the Middle Corridor to establish itself as a viable route for intercontinental trade and the role that Azerbaijan could play to develop this route and to enhance the prosperity of the region. It examines the impacts and benefits of the corridor, as well as its physical and non-physical barriers. The article concludes that, despite the presence of some limitations, the Middle Corridor has the potential to emerge in international transport connectivity and to contribute to stability and cooperation in the region, while acknowledging that its viability will also depend on how the European Union (EU) reacts to the latest developments in regional connectivity.

Keywords: Middle Corridor, Connectivity, Transport Projects, Eurasia, Azerbaijan



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Introduction

In the modern era, rail transport holds a strategic position in intercontinental trade. Rail freight represents a preferable solution for many operators because it costs a quarter as much as air transport and is twice as fast as sea transport, which makes it an attractive logistics solution. However, Sino–European trade has been dominated by maritime transport for centuries. Indeed, since the demise of the Silk Road at the beginning of the 16th century, goods have been exchanged mainly by sea. A revitalization of land trade made an appearance at the beginning of the last century with the construction of the Trans-Siberian Railway but, until 2011, trade exchange by rail between the two poles amounted to negligible quantities. However, in 2007, Western companies such as Audi, BMW, Volkswagen, HP, Apple, and Acer made attempts to transport some of their components to their subsidiaries in China via overland modes.¹ The success of these attempts led to the establishment of formal rail freight services between China and Europe, and China has now started to invest US\$4 trillion in the so-called Belt and Road Initiative (BRI) to connect China to Europe, Africa, and the Middle East by land. In 2021, the value of goods carried by freight train between China and Europe was estimated to amount to US\$75 billion,² which corresponds to almost 16% of the EU’s imports from China.³

Although the exponential growth in overland trade is expected to continue, the recent developments arising from Russia’s invasion of Ukraine have severely hampered Eurasian connectivity. The Russia–Ukraine war disrupted global supply chains and weakened economies worldwide. In Europe and Central Asia, outputs are forecast to contract by 0.2% in 2022 and minimal growth of 0.3% is expected in 2023 as energy price shocks continue to impact the region.⁴ In these times of geopolitical turmoil, impacts on the transport and logistics sector are

1 Keuper, M., “The Implications of the Russian Invasion of Ukraine on the Future of Sino-European Overland Connectivity”, *AIES Fokus*, 6/2022, available at: <https://www.aies.at/publikationen/2022/fokus-06.php> (Accessed: September 29, 2022)

2 Andreea Brlnza, A., “Putin’s War Has Killed China’s Eurasian Railway Dreams,” *Foreign Policy*, March 1, 2022, available at: <https://foreignpolicy.com/2022/03/01/belt-road-initiative-new-eurasian-land-bridge-china-russia-poland/> (Accessed: November 11, 2022)

3 Eurostat, “China-EU - international trade in goods statistics”, available at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=China-EU_-_international_trade_in_goods_statistics (Accessed: November 11, 2022)

4 World Bank, “Europe and Central Asia Economic Update, Fall 2022: Social Protection for Recovery”, October 4, 2022, available at <https://www.worldbank.org/en/region/eca/publication/europe-and-central-asia-economic-update> (Accessed November 11, 2022)

massive. New solutions need to be found to bypass the now heavily sanctioned territories of the Russian Federation for intercontinental land transportation.

In this context, Azerbaijan has long been one of the major stakeholders in the development of new trade links, notably the Trans-Caspian International Transport Route (known as Middle Corridor), through investing in new infrastructure, modernizing its transport system, and boosting institutional dialogue with neighbouring countries. Moreover, as the only country that shares borders with both Russia and Iran, Azerbaijan is critical to the viability of the Middle Corridor across Eurasia, and the possible opening of the Zangezur Corridor would further facilitate and expand trade between China and Europe.

This article will examine the political, logistical and economic consequences of the war in Ukraine on overland Sino–European rail connectivity, will investigate the potential of alternative transportation routes and the particular role that Azerbaijan could play in this context, and will consider the geopolitical implications for the EU and other relevant actors.

Increasing importance of the Middle Corridor in the context of the Ukraine war

On 24 February 2022, the European continent was dramatically changed as the Russian Federation began its invasion of Ukraine. That act disrupted global supply chains and weakened economies worldwide, threatening the existence of overland connectivity passing through Russia and Belarus. Indeed, as a punitive measure over the unprovoked war against Ukraine, several countries imposed a range of economic and financial sanctions on Russia, including restrictions on exports to and imports from the Russian Federation. In particular, since February 2022, the EU has imposed a number of sanctions against Russia⁵ that were additional to the existing measures. Those were adopted in 2014 following the annexation of Crimea and the non-implementation of the Minsk agreements, a set of international agreements aimed at ending the war in the Donbas region between armed Russian separatist groups and the Armed Forces of Ukraine. Among the diplomatic measures and economic sanctions against Russian entities and individuals, closures

5 European Commission, “Timeline - EU restrictive measures against Russia over Ukraine”, available at <https://www.consilium.europa.eu/en/policies/sanctions/restrictive-measures-against-russia-over-ukraine/history-restrictive-measures-against-russia-over-ukraine/> (Accessed November 12, 2022)

of railroad connections between the EU and Russia started in March 2022 with the decision of the Finnish government to close the rail link connecting Saint Petersburg with Helsinki. This disrupted East–West trade and led to increasing isolation of Russia.⁶ There was a higher probability that sectors with high direct dependency on Russian intermediate inputs would start to experience supply chain bottlenecks, which can originate either from the adopted sanctions or from other logistics and transportation disruptions caused by the war.⁷

It should be noted that the EU did not impose sanctions on the transit of goods through the Russian Federation, unless such goods have Russian

In this volatile geopolitical environment, countries in the South Caucasus and Central Asia have seized the opportunity to increase their regional relevance in cargo transshipment by expanding their alternative China–Europe freight route.

or Belorussian origins.⁸ However, this uncertainty generates a situation of reduced attractiveness and competitiveness of the Russian route, which, along with ethical considerations over the invasion of Ukraine and the disruption of infrastructure due to the conflict, led international shippers to find alternative routes. For decades, the Russian route has served as the main transport line for containerized rail freight between the EU and China. Known as the Eurasian Northern Corridor, this route presents an undisputed

advantage compared to the other corridors in terms of the arrival time of cargos at the destination. However, on the grounds of sanctions making it challenging to work with Russian companies, international shippers are uncertain about the current viability of this transit route, and countries are trying to shield their economies from setbacks caused by the sanctions on Moscow.⁹

In this volatile geopolitical environment, countries in the South

6 Railfreight.com, “Finland stops all rail freight traffic with Russia after all”, April 7, 2022, available at <https://www.railfreight.com/railfreight/2022/04/07/finland-stops-all-rail-freight-traffic-with-russia-after-all/#:~:text=The%20Finnish%20railway%20company%20VR,Russia%20in%20the%20nearby%20future> (Accessed November 11, 2022)

7 Oxford Economics, “The Russia–Ukraine war: Three key dependencies affecting European industry”, May 17, 2022, available at <https://www.oxfordeconomics.com/resource/the-russia-ukraine-war-three-key-dependencies-affecting-european-industry/> (Accessed November 11, 2022)

8 European Commission, “Sanctions Adopted Following Russia’s Military Aggression Against Ukraine,” available at https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/faqs-sanctionsrussia-road-transport_en.pdf (Accessed November 11, 2022)

9 Gabritchidze, N., “Georgia, Azerbaijan see surge in transit demand amid Russia’s isolation”, *Eurasianet*, June 2, 2022, available at <https://eurasianet.org/georgia-azerbaijan-see-surge-in-transit-demand-amid-russias-isolation> (Accessed November 11, 2022)

Caucasus and Central Asia have seized the opportunity to increase their regional relevance in cargo transshipment by expanding their alternative China–Europe freight route. The Middle Corridor has thus started to gain relevance as the main alternative to the Eurasian Northern Corridor. Officially known as the Trans-Caspian International Transport Route (TITR), the Middle Corridor is a rail freight and ferry system linking China with Western Europe. It starts from Southeast Asia and China, and runs through Kazakhstan, the Caspian Sea, Azerbaijan, Georgia and then either via Türkiye or the Black Sea to the southern EU members Bulgaria and Romania.¹⁰

The idea of a Trans-Caspian corridor to connect the East to the West has old origins. A positive trend in the development of the route has been observed over the course of multiple years and has increased sharply following the outbreak of the war in Ukraine. Indeed, in 2021 the rail freight volumes passing through the Middle Corridor increased by 52%, and this figure is expected to grow further in 2022.¹¹ The project originated from the intention to reduce the time for delivering goods across Eurasia, which led to the revitalization of the historical Great Silk Road concept, which was then transformed into the so-called “New Silk Road” intermodal East–West transport infrastructure initiative. The involved countries have traditionally supported the plan, and consortia of companies working in logistics have started to emerge.¹²

The Middle Corridor was formally established in November 2013, when, on the occasion of the Second International Transport and Logistics Business Forum “New Silk Road”, the leaders of Kazakhstan Temir Zholy, Azerbaijan Railways and Georgian Railway signed an agreement on the establishment of the Coordination Committee for the Development of the Trans-Caspian International Transport Route. The Coordination Committee was then additionally joined by Azerbaijan Caspian Shipping (ASCO), Baku International Sea Trade Port, Aktau International Sea Commercial Port, Batumi Sea Port, and TCDD Transportation, and it has now expanded to include all the major logistics and transport companies of the region.¹³

10 MiddleCorridor.com, *Trans-Caspian International Transport Route*, available at <https://middlecorridor.com/en/> (Accessed November 11, 2022)

11 Van Leijen, M., “Capacity or not, the Middle Corridor is on the rise”, *Railfreight.com*, March 30, 3033, available at <https://www.railfreight.com/beltandroad/2022/03/30/capacity-or-not-the-middle-corridor-is-on-the-rise/> (Accessed November 14, 2022)

12 MiddleCorridor.com, *History*, available at <https://middlecorridor.com/en/about-the-association/history-en> (Accessed November 11, 2022)

13 Eurasian Research Institute, “Development of the Trans-Caspian International

The Middle Corridor presents more border crossings as it runs through several countries, as opposed to the northern route which only crosses Russia.

Now, this multilateral and multimodal route seems to have the potential to offer an alternative, for land-based commercial connections, to the Northern Corridor, which had been responsible for approximately 90% of total China to Europe rail traffic, with volumes transiting through Russia reaching approximately 1.5 million TEUs. Despite the fact that the Middle

Corridor already accounts for 3–5% of percent of total rail cargo volume between China and the EU, it is assumed that approximately 10% of the Northern Corridor volume could easily be transported through this corridor.¹⁴ According to the estimates of the TITR Association, the trade volume through the Middle Corridor is expected to grow sixfold compared to 2021, with projections of up to 3.2 million tonnes.¹⁵ New statistics show that, in the first half of this year, cargo transportation through the Middle Corridor increased by 15% compared to the same period last year.¹⁶

Geographically, the Middle Corridor is the shortest route between China and Europe. However, although, in the past few years, transportation volumes have been growing steadily, some geographical and infrastructural obstacles are preventing it from handling all the demand of the Russian corridor and thus becoming the most employed route for Sino–European cargo transportation, especially in the short and middle term. The Middle Corridor presents more border crossings as it runs through several countries, as opposed to the northern route which only crosses Russia. Moreover, the need for multimodal transfer to cross the Caspian and the Black seas further contributes to delaying the transfer of goods and increasing the final cost, thus making this alternative less favourable. Additionally, among the major infrastructural problems

Transport Route”, October 2015, available at <https://eurasian-research.org/wp-content/uploads/2020/06/Weekly-e-bulletin-05-09-2015-12-10-2015-No-36.pdf> (Accessed November 11, 2022)

14 Report Informasiya Agentliyi, “Azerbaijan’s share in cargo transportation from Central Asia to Europe will increase sharply” (translation from Azerbaijani), April 6, 2022, available at <https://report.az/infrastruktur/merkezi-asiyadan-avropaya-yukdasimalarda-azerbaycanin-payi-keskin-artacaq/> (Accessed November 12, 2022)

15 MiddleCorridor.com, “The growing importance of the Trans-Caspian international transport route was discussed in Turkey”, May 10, 2022, available at: <https://middlecorridor.com/en/press-center/news/the-growing-importance-of-the-trans-caspian-international-transport-route-was-discussed-in-turkey> (Accessed September 15, 2022)

16 Report News Agency, “Azerbaijan’s role in cargo transportation from China to Europe to increase”, March 14, 2022, available at <https://report.az/en/infrastructure/azerbaijan-s-role-in-cargo-transportation-from-china-to-europe-to-increase/> (Accessed November 14, 2022)

that need to be addressed, the lack of vessels and the underdeveloped port infrastructure make the sea route a serious bottleneck along the corridor.¹⁷ Limited port capacity in the Caspian Sea and the Black Sea and a shortage of cargo ferries create substantial congestion.¹⁸ On the other hand, in terms of soft infrastructure, slow development in terms of reducing tariffs and the absence of unified regulations, technical standards, and customs systems also increase transit time and the cost of cargoes. Finally, in terms of political challenges, the Middle Corridor is dependent on the policies of the countries involved. For instance, the lack of substantial support from the Chinese government and the EU reduces the development of the Middle Corridor. However, given the geopolitical context, an expanded Chinese involvement would likely be perceived by Moscow as an unfriendly move.

A partial solution to the constant congestion in the Black Sea¹⁹ could be implemented with the opening of the so-called “Zangezur Corridor”. Such a corridor would connect Azerbaijan’s Zangilan district to the Nakhchivan Autonomous Republic via Armenia’s Syunik Province, and it would provide unimpeded access without Armenian checkpoints, in compliance with the provisions of Article 9 of the Trilateral Statement signed in 2020 between Armenia, Azerbaijan, and Russia relating to the unblocking of transport connections in the region.²⁰ In the event of the opening of the Zangezur Corridor, some of the traffic currently headed to the Black Sea could be redirected via this route. This would facilitate a partial reduction of bottlenecks and delays, and would make transport smoother by reducing the barriers related to multimodality. This option could be considered in parallel with the strengthening of the Baku–

17 Sharifli, Y., “Optimization Efforts to Improve Transit Through the Critical Middle Corridor”, *The Jamestown Foundation*, August 4, 2022, available at <https://jamestown.org/program/optimization-efforts-to-improve-transit-through-the-critical-middle-corridor/> (Accessed November 11, 2022)

18 Kenderdine, T. and Bucsky, P., “Middle Corridor - Policy Development and Trade Potential of the Trans-Caspian International Transport Route. ADBI Working Paper 1268”, *Asian Development Bank Institute*, May 2021, available at <https://www.adb.org/publications/middle-corridor-policy-development-trade-potential> (Accessed November 13, 2022)

19 Papatolios, N., “Middle Corridor unable to absorb northern volumes, opportunities still there”, *RailFreight.com*, March 3, 2022, available at <https://www.railfreight.com/specials/2022/03/18/middle-corridor-unable-to-absorb-northern-volumes-opportunities-still-there/> (Accessed November 14, 2022)

20 Republic of Azerbaijan, Ministry of Foreign Affairs, “Trilateral Statement of the leaders of Azerbaijan, Russian Federation and Armenia of November 10, 2020”, November 10, 2020, Available at <https://mfa.gov.az/en/category/end-of-the-conflict-in-november-2020-and-post-conflict-situation/trilateral-statement-of-the-leaders-of-azerbaijan-russian-federation-and-armenia-of-november-10-2020> (Accessed September 15, 2022)

Tbilisi–Kars (BTK) railway, which, however, is currently less used than the initial plans envisaged. For this reason, it is desirable that the lack of infrastructure be addressed concretely.

Regional cooperation

The countries along the Middle Corridor have substantial interests at stake in the development of the route. In particular, for the South Caucasus and Central Asia it represents a strategic opportunity to increase their power and infrastructure, as well as an impetus for economic recovery and to reduce their logistic and transport dependency on Russia. Amid the Russia–Ukraine war, legal and diplomatic work has been reinvigorated among the Middle Corridor countries to facilitate the transit of cargoes, reduce the infrastructural obstacles, and increase the competitiveness of the route. Moreover, several agreements have been signed among the major stakeholders.

In late March 2022, Azerbaijan, Georgia, Kazakhstan, and Türkiye released a quadrilateral declaration on the establishment of the Middle Corridor (TITR) Joint Venture with the purpose of improving the

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region’s transportation potential, harmonizing freight rates, and providing a unified cyber-platform to automate freight services.²¹ In April, the state railway companies of Azerbaijan and Kazakhstan signed bilateral agreements on logistics cooperation.²² On 10 May, Türkiye and Kazakhstan signed an Enhanced Strategic Partnership agreement for the strengthening of the coordination between relevant institutions for effective and sustainable use of the Middle Corridor,

focusing on the flat-rate carriage of wagons and containers along the route via the new BTK rail network.²³ On 27 June, Azerbaijan, Kazakhstan, and Türkiye signed the Baku Declaration, which provides for deeper

21 RailFreight.com, “Middle Corridor joint venture to be established in 2023”, April 7, 2022, available at: <https://www.railfreight.com/beltandroad/2022/04/07/middle-corridor-utlc-to-be-established-in-2023/> (Accessed September 2, 2022)

22 Ahmadova, I., “Azerbaijan, Kazakhstan discuss logistics cooperation”, *Azertac*, April 13, 2022, available at https://azertag.az/en/xeber/Azerbaijan_Kazakhstan_discuss_logistics_cooperation-2092523 (Accessed November 12, 2022)

23 DailySabah.com, “Turkey, Kazakhstan agree on ‘enhanced strategic partnership’”, May 11, 2022, available at: <https://www.dailysabah.com/politics/diplomacy/turkey-kazakhstan-agree-on-enhanced-strategic-partnership> (Accessed September 2, 2022)

customs cooperation and smoother transit of cargo along the Middle Corridor.²⁴ Finally, on 24 August, during the visit of Kazakhstan's President Kassym Jomart Tokayev to Baku, the transport companies of the two countries signed cooperation agreements on logistics and cargo transshipment.²⁵

In order to optimize transit through the Middle Corridor, enhance its capacity, and attract new customers, the participant countries have been making significant investments in their infrastructure. In terms of hard infrastructure, a new railway bypassing the Dostyk/Alashankou border crossing between Kazakhstan and China, and running instead through Almaty, is being developed, and it is expected to strengthen efficiency throughout the corridor.²⁶ A remarkable achievement is the decision to start the construction of the China–Kyrgyzstan–Uzbekistan (CKU) railway after twenty years of negotiations.²⁷ Another significant development is represented by Azerbaijan and Kazakhstan's commitment to double the number of vessels sailing between their respective ports of Alat and Aktau in the Caspian Sea²⁸. Finally, on 5 September, Uzbekistani fertilizer was sent to Europe with a cargo that went from Turkmenistan's Turkmenbashi port on the Caspian Sea to Azerbaijan's Alat port, from where it was sent to Georgia's Batumi port using Azerbaijan's railway system and, from there, to Europe through the Rasul Reza feeder vessel service, a joint project of Azerbaijan's ADY Container and ASCO.²⁹

24 Azernews.az, "Azerbaijani, Turkish and Kazakh FMs sign co-op declaration in Baku", June 27, 2022, available at: <https://www.azernews.az/nation/196015.html> (Accessed September 2, 2022)

25 Sadikhova, N., "Visit of President Kassym-Jomart Tokayev – Kazakhstan bets on Azerbaijan", *Trend*, August 26, 2022, available at: <https://en.trend.az/azerbaijan/politics/3636934.html> (Accessed September 2, 2022)

26 RailFreight.com, "Will this new line solve congestion at China-Kazakhstan?", November 11, 2021, available at: <https://www.railfreight.com/railfreight/2021/11/23/will-a-new-railway-line-solve-congestion-on-the-kazakhstan-china-border/> (Accessed September 5, 2022)

27 Lillis, J., "China, Kyrgyzstan, Uzbekistan sign landmark railroad deal", *Eurasianet*, September 15, 2022, available at: <https://eurasianet.org/china-kyrgyzstan-uzbekistan-sign-landmark-railroad-deal> (Accessed September 25, 2022)

28 PortsEurope, "Three more container ships to double the cargo capacity of the Middle Corridor between Aktau and Baku", April 19, 2022, available at <https://www.portseurope.com/three-more-container-ships-to-double-the-cargo-capacity-of-the-middle-corridor-between-aktau-and-baku/> (Accessed November 13, 2022)

29 Sea-news.az, "ADY Container provides services for delivery of Central Asian fertilizer to Europe", September 5, 2022, available at: <https://sea-news.az/2022/09/05/ady-container-provides-services-for-delivery-of-central-asian-fertilizer-to-europe/> (Accessed September 12, 2022)

Several shipping corporations have started new train services along the Middle Corridor, including Finnish company Nurminen Logistics, which started running a container train from China to Central Europe through the trans-Caspian route in early May;³⁰ Danish Maersk, one of the largest container shipping companies in the world, which launched a new train service along the Middle Corridor in April;³¹ and Swiss company Hupac which, on 28 November 2022, is expected to launch a new direct container service between Italy and China, connecting Milan with Suzhou.³²

Azerbaijan as a connectivity hub

Given its prime position at the crossroads of Europe, Central Asia, the Far East, and the Gulf states, Azerbaijan is likely to become a preferred transportation hub in the region. In addition, Azerbaijan borders Russia in the north and Iran in the south, both of which are sanctioned by a number of countries, which makes Azerbaijan a compulsory crossing in the land route between Europe and China. In order to enhance the corridor’s efficiency and position itself as a key trade intersection in East–West trade, Azerbaijan has been making significant progress in addressing its infrastructural weaknesses and reinforcing regional transportation platforms. Indeed, following the outbreak of war in Ukraine and the disruption of the Russian route, Azerbaijan

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took substantial steps not only to improve its infrastructure network, but also to promote the development of the Middle Corridor. Various initiatives have been undertaken by the Azerbaijani administration to address the structural gaps that have prevented the Middle Corridor from becoming competitive on a comparative level. In this context, some Azerbaijani companies are acquiring protagonist roles in Eurasian

30 RailFreight.com, “Nurminen Logistics joins the Middle Corridor”, March 16, 2022, available at: <https://www.railfreight.com/beltandroad/2022/03/16/nurminen-logistics-joins-the-middle-corridor/> (Accessed September 2, 2022)

31 Maersk.com, “Maersk launches a revamped Middle Corridor rail service”, May 16, 2022, available at: <https://www.maersk.com/news/articles/2022/05/16/maersk-launches-a-revamped-middle-corridor-rail-service> (Accessed September 12, 2022)

32 Raimondi, M., “New Italy-China service by Hupac coming soon”, *RailFreight.com*, November 15, 2022, available at <https://www.railfreight.com/beltandroad/2022/11/15/new-italy-china-service-by-hupac-coming-soon/> (Accessed November 15, 2022)

transport. Among these, ADY Container, Baku Shipyard, Azerbaijan Caspian Shipping Company (ASCO) and Baku International Sea Trade Port are becoming leaders in the route because of both their geolocation and the expansion plans they adopt. All these companies are currently carrying out monitoring activities towards developing Azerbaijan's infrastructure potential.

In terms of hard infrastructure, Azerbaijan's decision to introduce two ships into the Black Sea represents an unprecedented initiative. Azerbaijan, a landlocked country, accomplished an extraordinary feat by launching the first vessel, with a capacity of 220 TEUs, connecting the Georgian port of Poti with the Romanian Port of Constanta, in May 2022. In June, a second vessel connecting the Georgian Port of Batumi and the Romanian port of Constanta started sailing.³³ The initiative was set up by ADY Container in partnership with ASCO. Although the Port of Constanta often presents severe congestion due to surging cargo volumes,³⁴ the increase in vessels will help reduce bottlenecks and strengthen multimodal transport along the corridor. This unparalleled effort shows that Baku is not only seeking to develop the efficiency of its own infrastructure, but is also aiming to contribute to the general development of the Middle Corridor.

Moreover, the agreement between Azerbaijan and Kazakhstan to raise the number of vessels sailing between Alat and Aktau ports in the Caspian Sea to six will result in a doubling of the cargo capacity of the Middle Corridor. Currently, there are three feeder vessels operating regularly in the Caspian section, with capacities of 350, 125 and 125 TEUs for a total of 600 TEUs. These vessels are able to provide five departures per week, which translates to a maximum total capacity of 3,000 TEUs per week, equivalent to 30–40 trains, and, from September 2022, the capacity is expected to reach 60–80 train equivalents per week.^{35,36} Other remarkable initiatives include the construction of a new

33 RailFreight.com, "ADY Container goes beyond borders and adds vessel on Black Sea", June 22, 2022, available at: <https://www.railfreight.com/railfreight/2022/06/22/ady-container-goes-beyond-borders-and-adds-vessel-on-black-sea/?gdp=deny> (Accessed September 12, 2022)

34 Papatolios, N., op. cit.

35 Don, S., "Middle Corridor room for 60-80 weekly trains this fall, is this enough?", *RailFreight.com*, April 12, 2022, available at <https://www.railfreight.com/corridors/2022/04/12/middle-corridor-room-for-60-80-weekly-trains-this-fall-is-this-enough/> (Accessed November 11, 2022)

36 RailFreight.com, "Middle Corridor room for 60-80 weekly trains this fall, is this

On the one hand, it is necessary to enhance the infrastructure system to enable the full development of the Middle Corridor; on the other hand, close bilateral relations and strong coordination with all countries are equally fundamental for optimizing its potential.

fertilizer terminal; the completion of a second phase of the port, which is expected to handle 25 million tons of cargo against the current capacity of capacity of 15 million tons;³⁷ and the inauguration of a new roll-on/roll-off (Ro-Ro) terminal in Baku Port that aims to optimize the transportation system and reduce time consumed.³⁸ It thus seems clear that Azerbaijan considers it fundamental to increase its port capacity in order to improve the connection between the Caucasus and Central Asia.

On the one hand, it is necessary to enhance the infrastructure system to enable the full development of the Middle Corridor; on the other hand, close bilateral relations and strong coordination with all countries are equally fundamental for optimizing its potential. To this end, Azerbaijan has taken enormous steps to strengthen cooperation with its neighbours, especially with Kazakhstan, Türkiye, Uzbekistan, and Georgia, through both bilateral agreements and the establishment of trilateral platforms. In particular, transit through the South Caucasus section of the Middle Corridor is possible thanks to coordination among Azerbaijan, Türkiye, and Georgia in projects such as the Baku–Tbilisi–Kars railway, which the three countries plan to optimize. Indeed, these countries have recently reached an agreement on customs procedures, through which they aim to accelerate border crossings and improve freight transport. The agreement consists of the decision to implement electronic information exchange to simplify customs procedures for goods transported along the BTK railway through the territory of all three countries.³⁹ Azerbaijan is also actively engaged in the development of regional platforms with Central Asia, with the aim of further strengthening this section of the Middle

enough?", April 12, 2022, available at: <https://www.railfreight.com/corridors/2022/04/12/middle-corridor-room-for-60-80-weekly-trains-this-fall-is-this-enough/> (Accessed September 12, 2022)

37 Hajiyeva, G., "Intercontinental Overland Cargo Transit Through Azerbaijan Increases", *Caspian News*, July 21, 2022, available at: <https://caspiannews.com/news-detail/intercontinental-overland-cargo-transit-through-azerbaijan-increases-2022-7-20-0/> (Accessed September 12, 2022)

38 Ağcayev, S., "The term of operation of Ro-Ro terminal in Baku port has been announced" (translation from Azerbaijani), *Trend*, July 15, 2022, available at: <https://az.trend.az/business/3621321.html> (Accessed September 18, 2022)

39 News.az, "Azerbaijan, Türkiye and Georgia agree to simplify custom procedures", August 18, 2022, available at <https://news.az/index.php/news/azerbaijan-turkiye-and-georgia-agree-to-simplify-custom-procedures> (Accessed November 14, 2022)

Corridor. During Kazakhstan President Kassym-Jomart Tokayev's visit to Baku in August 2022, Azerbaijani and Kazakh companies signed strategic cooperation agreements regarding the strengthening of regional connectivity and the improvement of logistics coordination. Through the agreement, the two countries aim to develop the corridor's full potential to contribute to increasing bilateral trade turnover, which is forecast to hit \$480 million by the end of 2022.⁴⁰ In addition, both countries are currently upgrading their port infrastructure to enhance the movement of goods. Azerbaijan has also been involved in improving trilateral coordination with Uzbekistan and Türkiye, which led to the signing of the Tashkent Declaration in August 2022 to reduce tariffs, increase freight flows, and develop joint projects for the expansion of international transport links.⁴¹ The mutual interest in the Middle Corridor thus makes maintaining cordial relations a priority for all the involved countries.

Relations between the EU and Azerbaijan often focus on energy cooperation, mainly due to Azerbaijan's renowned reliability as a commercial partner that makes it a prime support to Europe, which is facing an unprecedented energy crisis following Russia's invasion of Ukraine.

Geopolitical implications for the European Union

Azerbaijan has become strategically important as an EU supply chain link with the East. Relations between the EU and Azerbaijan often focus on energy cooperation, mainly due to Azerbaijan's renowned reliability as a commercial partner that makes it a prime support to Europe, which is facing an unprecedented energy crisis following Russia's invasion of Ukraine. However, cooperation in the field of transport and logistics is also proving to be fundamental, as the EU has a strong need to differentiate not only its gas suppliers, but also its transport routes. The visit of the President of the European Commission, Ursula Von der Leyen, to Baku on 18 July 2022 made it clear that the EU is willing

40 Karimli, I., "Azerbaijan, Kazakhstan Join Forces to Tap into Middle Corridor's Potential", *Caspian News*, August 25, 2022, available at <https://caspiannews.com/news-detail/azerbaijan-kazakhstan-join-forces-to-tap-into-middle-corridors-potential-2022-8-25-1/> (Accessed November 14, 2022)

41 Republic of Azerbaijan, Ministry of Foreign Affairs, "No:352/22, Information of the Press Service Department of the Ministry of Foreign Affairs of the Republic of Azerbaijan on the first trilateral meeting of the Ministers of Foreign Affairs, Trade/Economy and Transport of Azerbaijan, Türkiye and Uzbekistan", August 02, 2022, available at: <https://mfa.gov.az/en/news/no35222> (Accessed October 1, 2022)

to develop connectivity projects jointly with Azerbaijan. Addressing Azerbaijani President Ilham Aliyev, Von der Leyen stated:

We are investing EUR 60 million of EU funds in Azerbaijan until 2024. And the Economic and Investment Plan has the potential to mobilise up to EUR 2 billion in additional investments. It is already at work, supporting round about 25,000 Azeri small and medium companies, and making the Port of Baku a sustainable transport hub. This is for us very important, because this leads indeed to the topic of connectivity that you have mentioned. We also discussed that. In particular, how to deepen our ties to bring our people and societies closer together. This is the mission of our Global Gateway strategy. And this is also the essence of our Eastern Partnership. The European Union wants to work with Azerbaijan to build connections with Central Asia and beyond. So, we follow with great interest the discussions and the ideas about trans-Caspian connections. We will deepen these discussions. Finally, we want to finalise the Common Aviation Area Agreement. Because this would greatly boost opportunities for business, trade and for tourism.⁴²

Furthermore, the EU had already declared its intention to expand the Trans-European Transport Network (TEN-T) towards the Eastern Partnership before the invasion of Ukraine. Indeed, in its July 2021 Economic and Investment Plan, the European Commission indicated the building and upgrading of 3,000 km of priority roads and railways in line with EU standards as one of its top ten targets with respect to the countries of the Eastern Partnership.⁴³ Moreover, the EU also allocated financial assistance to strengthen the digital transport corridor in the Caspian Sea and connectivity to the Black Sea.⁴⁴ Furthermore, significant EU funding has been allocated to expand infrastructure and facilities at Romania's Constanta Port⁴⁵ and at Bulgaria's Burgas and Varna ports.⁴⁶ Romania could thus become a vital commercial and military hub on the Black Sea, connecting

42 European Commission, "Statement by President von der Leyen with Azerbaijani President Aliyev", July 18, 2022, available at: https://ec.europa.eu/commission/presscorner/detail/da/statement_22_4583 (Accessed September 18, 2022)

43 European Commission, "Recovery, resilience and reform: post 2020 Eastern Partnership priorities. Joint Staff Working Document", July 2, 2021, available at https://www.eeas.europa.eu/eastern-partnership/joint-staff-working-document-recovery-resilience-and-reform-post-2020-eastern_en (Accessed November 15, 2022).

44 Ibid.

45 Romania-insider, "Port of Constanța to receive EUR 1 bln makeover of railway infrastructure", November 9, 2022, available at <https://www.romania-insider.com/port-constantina-makeover-railway-infrastructure-2022> (Accessed November 15, 2022)

46 European Commission, "Cohesion policy in Bulgaria: the first 2021-2027 programme adopted", October 3, 2022, available at https://ec.europa.eu/regional_policy/en/newsroom/news/2022/10/10-03-2022-cohesion-policy-in-bulgaria-the-first-2021-2027-programme-adopted (Accessed November 15, 2022)

the Caucasus and Ukraine to the rest of Europe. Ultimately, an effort by the EU to promote Sino–European land connectivity through the Middle Corridor would provide the whole of Europe with resilient and diversified supply chains. This would, in turn, lead to more prosperity and stability, which is an opportunity that the EU cannot ignore. Additionally, a greater European involvement in such infrastructure investments would allow Brussels to counterbalance Chinese influence that could make some countries, especially those of Central Asia, overly dependent on China. Even in this case, however, Chinese policies seem to be cautious, as the country must act from a double perspective – on the one hand maintaining an economic and political friendship with Russia’s President Vladimir Putin, while on the other hand taking advantage of Russia’s post-invasion weakness to advance its interests in Central Asia.

Conclusion

Due to the hostile geopolitical environment, the EU, heavily affected by the connectivity crisis, is compelled to find an alternative route capable of resuming uninterrupted supplies from East to West, and vice versa. The strategic location of the South Caucasus is important in the framework of the Middle Corridor for developing transport links in the Eurasian continent. In this context, Azerbaijan, as the transport hub of the region, can play a significant role in improving interregional communication.

The creation of a safe route for overland transportation is the common goal of the corridor’s countries. The rise of the Middle Corridor as a viable route not only increases the resilience of the participating countries vis-à-vis Russian pressures, but also decreases Russia’s importance in another geostrategic area: connectivity. At the same time, China possesses investment potential for infrastructure development; the economies of the corridor countries have successfully attracted investment and already proved that they are ready to be open for business and to cooperate with a number of actors. The BTK railway was a successful beginning, and the EU has a stable regional competence and the willingness to increase its influence in the region. In addition, given the complex international situation, international transshippers need to secure a safe alternative route that will prevent countries from facing a major logistical crisis.

Although the current corridor conditions, especially with regard to its reduced capacity and lack of strong coordination, have made the Middle Corridor not particularly competitive in the eyes of transport companies, all the efforts undertaken by the participating countries offer good prospects for the improvement of the route. One of the main advantages of the Middle Corridor is that it is not subject to any international limitations compared to other routes. Participating countries have clearly demonstrated their willingness to take steps to optimize the corridor's capacity, and the recently inaugurated infrastructure projects offer promising opportunities. The redirection to the Middle Corridor of an increasing number of goods previously transported through Russia is of great benefit to all the countries involved. Conversely, it is reasonable to expect that, in the short and medium term, there will be more and more cohesion with the aim of improving the infrastructural obstacles that have hitherto prevented the optimal functioning of this route.