

INTERNATIONAL TRANSPORT CORRIDORS IN EURASIAN SPACE: DEVELOPMENT OF LATITUDINAL ROUTES



— Table of contents

—	Introduction.....	2
—	International Transport Corridors: advantages and disadvantages.....	3
—	The Eurasian route as a mainline in the East-West direction	6
—	Alternative routes in the western section of the East-West corridor.....	9
—	Alternative routes in the central part of the East-West corridor.....	13
—	Conclusion	17

INTRODUCTION

International Transport Corridors (ITCs) have become a token of the modernity and a proverbial phrase among the theorists and practitioners in a range of fields, from logistics to political science. Although the concept of improving transport connectivity for solving economical and political problems is by no means a novelty, it was in 2010s that ITCs have become a focus of close attention of both academic community and decision makers.

In Eurasia, ITCs have come to play a major role. Because of the continentality, which is characteristic to many countries of the region, development of ITCs has become a central growth driver and a means to effectively integrate into the global economic relations and added value chains. An important impetus to the concept and practical application of ITCs in Eurasia was given by EAEU and China that in 2015 confirmed their intent to connect Eurasian Integration and Silk Road Economic Belt. That is why ITCs are becoming the flagship of improving connectivity of Eurasian space, hubs of economical growth and “assembly” of the space into a whole.

Railroads play a crucial role in the Eurasian ITCs. Because of the speed and reliability of deliveries it provides, railway transportation is starting to compete with shipment by sea (advantage of speed) and air (advantage of cost), with attracting cargo traffic to continental routes. This development is additionally stimulated by commitment to long-term development of ITCs on the part of the Eurasian states, and by business cooperation.

Despite the explosive growth of China – Europe – China transit shipments in the recent years, which was largely unexpected by experts, preserving this momentum will require certain steps. First, the stability of corridors and benefits obtainable by national economies depend on the extent of integration between ITCs and regional (national) transport logistic infrastructure. Second, the latitudinal (East-West) and meridional (North-South) corridors have to be complementary. Third, the increasing cargo traffic will escalate competition between different routes, primarily in the western and central segments of the East-West corridor.

Strategic conceptualization of transport logistics in the Eurasian space, together with tactical decisions aimed at reduction of institutional and transactional barriers and use of the potential of digital technologies, will facilitate further stable development of East-West freight traffic. In this regard, competition with alternative routes has to be taken into account, whereas the strategy should be built around the available advantages of the existing routes and the complementary nature of some of the alternative routes.

This study is the first part of the research of the Eurasian ITCs dedicated to East-West latitudinal routes and their competitive position.

INTERNATIONAL TRANSPORT CORRIDORS: ADVANTAGES AND DISADVANTAGES

The key concepts in the discussion of International Transport Corridors (ITCs) are time and space. Creation of transport logistic corridors is one of the few ways to overcome the objective physical, political and economical constraints, especially those typical of the Eurasian space. Tools for overcoming the space and compression of time include reduction of institutional and transactional barriers, use of state-of-the-art technology, and cooperation between international and national institutes and the business community.

In practical sense, the purpose of ITCs is to create a predictable environment which can be described as transparent. According to one of the [definitions](#), a transport corridor is a set of conciliations aimed at changing the speed and direction of traffic within a certain space. According to [the UN](#), a transport corridor is also a set of rules regulating the aspects of transportation and transit of goods along a specific route, supported by an agreement signed by the member countries. Investments in transport connectivity reduce the expenses of companies, ensure synergetic effect, and become a driver for the development of territories. Transparency and predictability are key factors in practical application of ITCs.

ITCs are especially important for Eurasia where many states encounter the “continental curse”. So, of all EAEU countries, only Russia has marine access (the Caspian Sea cannot be considered as such), whereas all national capitals of the Middle Asia are more than 1300 km away from the sea. The economical and geographic position presents a unique challenge for the development of the Eurasian countries due to the low density of population, low mobility of manufacturing factors, limited effect of concentration and economy of scale. According to some estimations, continentality reduces country growth rates by [1.5 %](#). Thereby, **creation and expansion of ITCs are a natural and inevitable response of the Eurasian countries to the challenges of their continental position.**

Besides, continentality leads to building stronger and more long-standing agreements between states. Re-orientation of land transport logistic chains requires significant time and investment. This puts at the forefront the issue of developing clear and long-term regulations by ITC member countries. The longer is the period of use of a transport corridor, the more stable and strong are the economic relations built around it. Take, for example, the historic Silk Road, which gave birth to many manufacturing centers and even countries in its vicinity.

For states and associations, ITCs are a means of integration into global economic and transport logistic relations and connecting markets. According to the [World Bank's review](#) of literature on the subject of benefits from transport corridors, 61 % of the publications on the topic focus on the growth in prosperity as an ultimate result of the transport corridor operation. However, **strengthening the transport corridors and improving their competitive edge require diversification of routes and a visible effect in favor of real economy of the states**, which territory is crossed by the corridor.

Among the main problems associated with transport corridors, the [literature](#) names deterioration of environment and asymmetry in development of territories. In the first instance, creation of a transport corridor has been observed to lead to an increase in greenhouse gases emission and destruction of forests. The second factor, asymmetry of development, emerges when traffic is attracted to a certain route, to the disadvantage of other routes, and due to a natural struggle of the states and their administrative entities for the right of passage of cargoes via their territories and, consequently, obtainment of large-scale investments and creation of growth points.

Political aspects and issues of building geopolitical constructs are especially relevant to projects in the Eurasian space. Prevalence of political or economical issues in creation of ITCs has long been a subject of disputes between political scientists and practitioners of the transport logistics. The political component of the Chinese "One Belt, One Road" initiative, as well as of the North-South corridor, is often debated among experts. However, it is the political agreements that render the necessary stability and predictability of rules, as in the case of the Eurasian transit route China – Europe – China.

Re-orientation and channeling of cargo traffic is intended to solve the development tasks for states and territories. Development of economically retarding western and north-eastern provinces and harmonization of internal growth have always been and remain China's central reasons for growing cargo traffic transported continentally and subsidizing goods shipment. For Russia, attracting cargo traffic to continental latitudinal routes provides a possibility for diversification of economical relations, attracting investment to the Far East and a part of the strategy of [turn to the East](#). For Kazakhstan and Belorussia, it implies use of the unique geographical position and foreign investment.

Therefore, **to maintain long-term interest of states in transit routes, the latter should assist in solving internal problems of the transport logistic infrastructure, containerization of the economy, administering and building inter-regional ties**, including within the EAEU space. Thus, the issues of transit logistics should be considered in relation to the issues of inter-regional interaction and creation of local growth points, and to the issues of improving regulation and updating the infrastructure.

Transit is export of transportation services. This means that re-orientation of cargo traffic leads to the situation where certain routes have absolute benefit whereas other routes often become abandoned. Many states with a developed range of transport corridors obtain significant prosperity from transit routes. In the Netherlands, their share amounts to [about 40 %](#) of the total export of services. Apart from the prosperity, transport corridors stimulate updating of infrastructure, which is also used by other operators.

Another important step for the development of ITCs is integrating the latitudinal and meridional corridors. The intersection point here is Iran, which territory is crossed by the North-South ITC. Such integration would help join the Chinese cargo traffic and the potential Indian cargo traffic, stimulate additional investment, and facilitate building inter-regional relations.

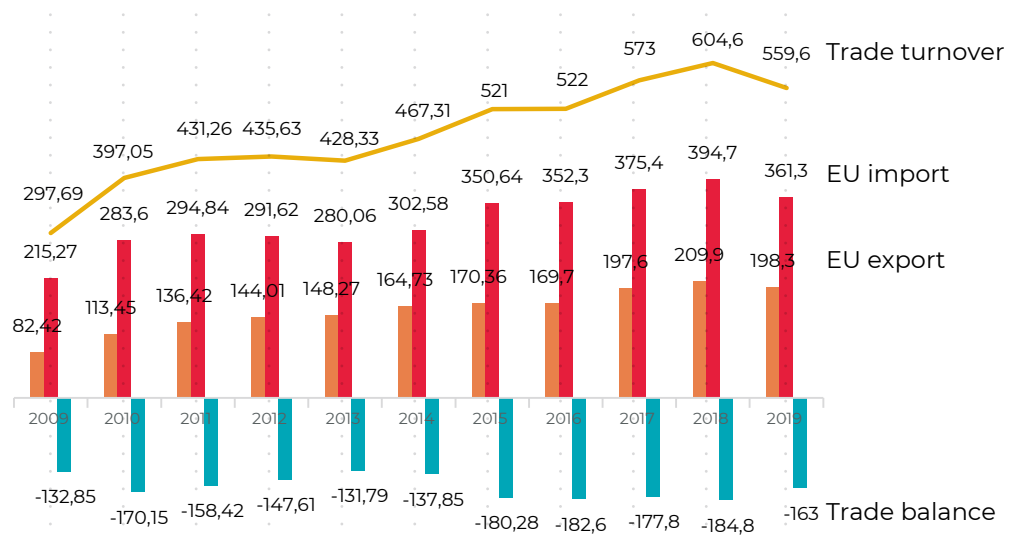
Thus, for the transport corridor to be successful, it is not enough to simply attract cargo traffic. The ITC has to be horizontally and vertically integrated with other latitudinal and meridional routes and the economical systems of the states and regions adjacent to the route. Benefits to be emphasized are not only associated with transit of goods, but also with related competitive advantages for the region's countries, connectivity of the Eurasian space, and internal development and economic growth. In order to overcome the negative aspects of an ITC, its creation and development should be presented in relation to the benefits for development and ITC's contribution in solving social and environmental problems.

THE EURASIAN ROUTE AS A MAINLINE IN THE EAST-WEST DIRECTION

Goods shipment between the Eurasian West and East was historically difficult due to the specific features of the region's geography. Over a long period, the main route was the historical continental Silk Road that has lost its relevance as a result of colonial expansion of the European states during the Modern Age. In 1916, upon completion of construction of the Trans-Siberian Railway with an endpoint in Vladivostok, it has become the main latitudinal route for freight shipment for many subsequent decades. However, the mainline was primarily intended for national transportation and connection with cargo traffic from the Pacific region.

EU TRADE BALANCE WITH CHINA

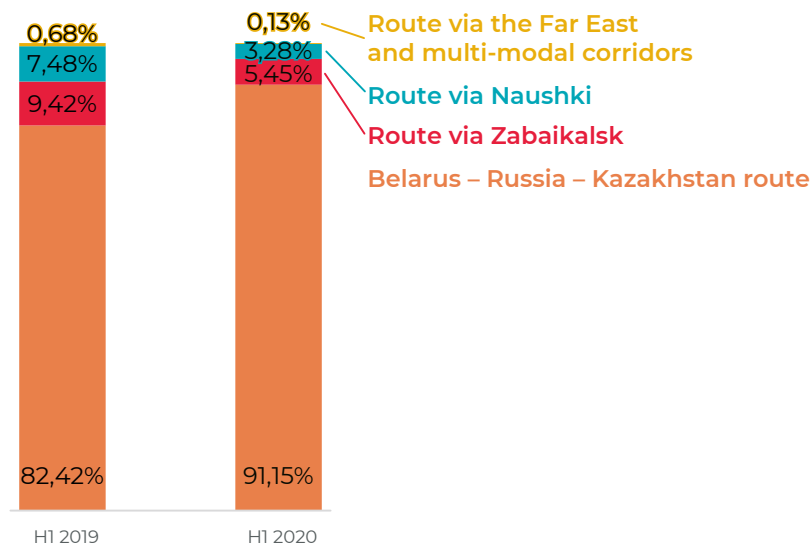
billion Euro



Extensive growth of the Chinese economy, intense goods exchange between EU and PRC, and China's intention to develop its western territories, together with advancing Eurasian integration initiated by signing the EAEU Agreement on 29 May 2014, have become the prerequisites for accelerated development of the East-West corridor. This development, along with the advantages of railway transport over shipment by air (advantage of cost) and sea (advantage of speed), became the basis of gradual increase of the share of railway shipment versus other modes of transport and a prerequisite for considering competitive but harmonious development of all East-West routes.

Presently, the China – Europe – China route (its eastern segment) consists of the four main routes, three of which use the Trans-Siberian mainline from different points of entry (Naushki, Zabaikalsk, Vladivostok), whereas the remaining Eurasian route crosses the territories of Kazakhstan, Russia and Belarus. **The Eurasian route is the mainline for traffic of goods by rail between China and the EU** with a share of 91.15 % for **H1** 2020, which is 8.73 % more than in the same period of 2019. This route is the only one which demonstrated the growth of traffic volume in H1 2020 on China – Europe – China route, amounting to 57.15 %.

GROWTH OF SPECIFIC WEIGHT OF THE KAZAKHSTAN - RUSSIA - BELARUS ROUTE

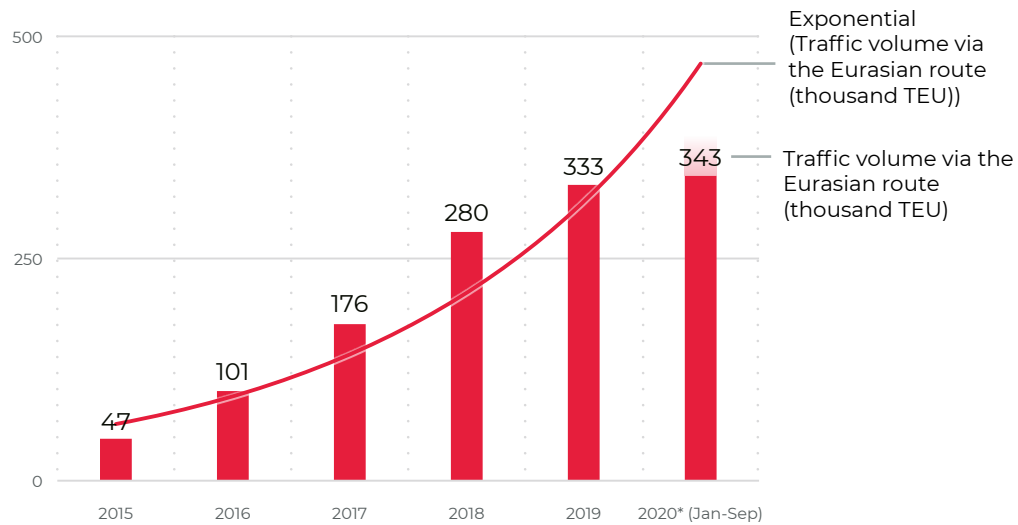


Significant and stable growth of transcontinental transit volumes has become a point of attraction for interests of states and companies searching for benefits from rampant development of the corridor. Strategic commitment of railway companies from Russia, Kazakhstan and Belarus has led to double-digit growth of traffic turnover, reaching the milestone of 1 million TEU for five years of operation in 2020. In case of implementation of the **outstripping development scenario**, cargo turnover by end of 2025 may reach the mark of 2 million TEU. Thereby, establishment of a dedicated **forwarding company** for the route as a partnership between railway companies of the three EAEU countries would have made it the most promising and rapidly growing in the East-West corridor.

Despite the anticipated competition, **each of the routes of the eastern segment has its own cargo base**. So, the Eurasian route receives cargoes from the western and southern regions of China (Chongqing, Chengdu, Szechuan, Shaanxi, and Henan). Naushki is the transit point for cargoes from Mongolia and a number of northern provinces of China. Zabaikalsk handles cargoes originating from North-East China (Heilongjiang, Jilin, and Liaoning). The route via the Far East and multi-modal corridors is mostly intended for cargoes from the South Korea and Japan. Thus, each of the routes is geographically and economically positioned in its own niche. The situation suggests relative benefits, i. e. success of one of the routes does not necessarily lead to the equal regress in the traffic of another route.

GROWTH OF SPECIFIC WEIGHT OF THE KAZAKHSTAN - RUSSIA - BELARUS ROUTE

thousands TEU



Among the long-term risk factors for the Eurasian corridor, there are, first of all, low spillover effect from the growth of transit to the growth of goods turnover, both between countries, which territory is crossed by the transit, and between these countries and EU or PRC. For instance, almost all export from EAEU countries to PRC constitutes raw materials (fuel (65 %), timber (15 %), mineral stock, etc.). The spillover effect is in this case limited by prevalence of bulk and liquid cargoes, and not by the technologically more complex containers with the respective infrastructure.

Second, despite the colossal work of China, Kazakhstan and other countries for development of line and container infrastructure, bottlenecks still remain. Nevertheless, these can be treated as “developmental diseases”, since this problem grows even more acute during the periods of stepped gain of traffic, like it was during the pandemic.

Third, attracting cargo traffic to continental routes will help increase commitment to the development of the East-West corridor on behalf of PRC and EAEU countries. This concerns both subsidizing of shipments and adherence to the achieved political agreements.

Maintaining the route’s momentum will require additional efforts to preserve the competitive position in relation to alternative routes in the eastern, central and western segments of the East-West corridor. The emerging asymmetry in attracting transit traffic increases competitiveness, whereas limited growth of trade of EAEU with PRC and EU presents a constraint for the development of transit in the long term.

ALTERNATIVE ROUTES IN THE WESTERN SECTION OF THE EAST-WEST CORRIDOR

The situation in the central and western sections of the East-West corridor is determined by the swell of competition for the growing traffic between China and Europe. First, Ukraine assumes an increasingly active position in intercepting a part of traffic via Belarus. In 2013, the volume of transit container shipments via the country reached its peak of 32,000 TEU, followed by a decline due to the political reasons and conflict with Russia. Whereas in 2004, transit by all modes of transport constituted up to 50 % of all cargoes of the country, in 2014 this share dropped to 13 % because Russia re-oriented its traffic. Total losses for Ukraine amounted to 1.3 billion dollars.

Ukraine is interested in continuing to use the advantages of its geographical position and reasonably good infrastructure, albeit requiring an update; this time, in regard to obtaining a share in the transit via the East-West route. In terms of the existing advantages, **Ukraine is a natural continental point of cargo transit in the direction of some of the countries of the Central and Southern Europe** (Slovakia, Hungary, Austria, and Italy). Whereas for Germany and Poland the route via Belarus is preferable in most cases, Slovakian consignees (e. g. in Dunajská Streda) can reduce the distance travelled by the cargo by 520 km if the route crosses Ukraine.

In September 2020, METRANS (Czech Republic) and DBO/Beijing TransEurasia launched regular traffic via Ukraine: Xian – Dunajská Streda (Bratislava), from where cargoes are further distributed to the Czech Republic, Austria, and Hungary. This route takes 11 days; however, the time-in-transit is expected to be reduced in the course of the route's development.

Apart from strategic focus on the countries that will benefit from shortening the transit distance via Ukraine, another driver to be taken into account is the integration – EU-Ukraine Association (2014). Despite all expenses, Ukraine continues to pursue development of ties with the EU and participation, albeit limited, in the integration mechanisms of the Union. Thus, **Ukraine's ambition to re-establish its status of the transit country and its focus on close integration with the EU is superimposed by the intention of the EU to diversify cargo traffic**, both at the level of the association and in specific countries, which can draw additional benefits from this development.

One of the integration mechanisms is acceptance by Ukraine of the EU common transit procedure, which significantly simplifies customs procedures at the EU border. Under the EU internal transit procedure, European goods can be moved from one place of the EU customs territory to another via a state or territory located outside the EU, without changing the customs status of the cargo. Such decision, as well as harmonization of trade rules and customs procedures, can be accepted by the EU without changing the integration status of the country within the scope of the EU integration (prospects of Ukraine accessing the EU).

In 2019, in order to implement the Common Transit Procedure, the Parliament of Ukraine has decided in favor of a [pilot launch](#) of the New Computerized Transit System (NCTS) of the European Union already deployed in 35 European countries. The system enables establishment of common paperless document circulation and simplification of customs procedures. Additionally, in 2018, the parties adopted a [roadmap](#) for approximation of transport and trade rules of the Ukraine and the EU, determining the long-term strategy of the partners in this matter.

Taking into account the strategic position of the route under discussion, its development is of interest for Austria, who is an important player in the railway network of the Central Europe. Austrian Federal Railways (ÖBB) expressed an intention to [upgrade 450 km](#) of the broad gauge railroad section existing since Soviet times, extending from Chop (Transcarpathia, Ukraine) to Kosice (Slovakia). It is envisaged to create a full-fledged Vladivostok-Vienna corridor enabling delivery of cargoes within 15 days with one break of gauge at the border with China. According to the preliminary plan, construction of the mainline [is expected to finish](#) by the early 2030s.

A certain impediment to the infrastructural plans of Austria is the threat to security. The very difference between the narrow and broad gauge was initially caused by security considerations, i. e. to complicate cargo transfer by potential adversaries. To a large extent, it was due to the security reasons that the European Union refused to fund the project for development of the corridor via Ukraine with the Russian gauge. Besides, [the initially favorable attitude](#) to this project on the part of the Russian Ministry of Transport and Russian Railways will only aggravate the security concerns of the Europeans in the current political environment.

Apart from Europe and Ukraine, another party interested in developing the route via Ukraine is China, who sees it as complementary to the existing mainline.

In July 2020, the Ambassador of PRC in Kiev [greeted](#) the first train Wuhan – Kiev, which, however, had its endpoint in the territory of Ukraine. Before exacerbation of relations between Russia and Ukraine in 2014, and later in 2016, China [declared its interest](#) in the transit via Ukraine, including the route bypassing Russia via the Black and Caspian Seas. China will continue pursuing diversification of routes. However, it makes sense to emphasize the advantages of the Eurasian corridor branching into Ukraine over the central, Trans-Caspian, route.

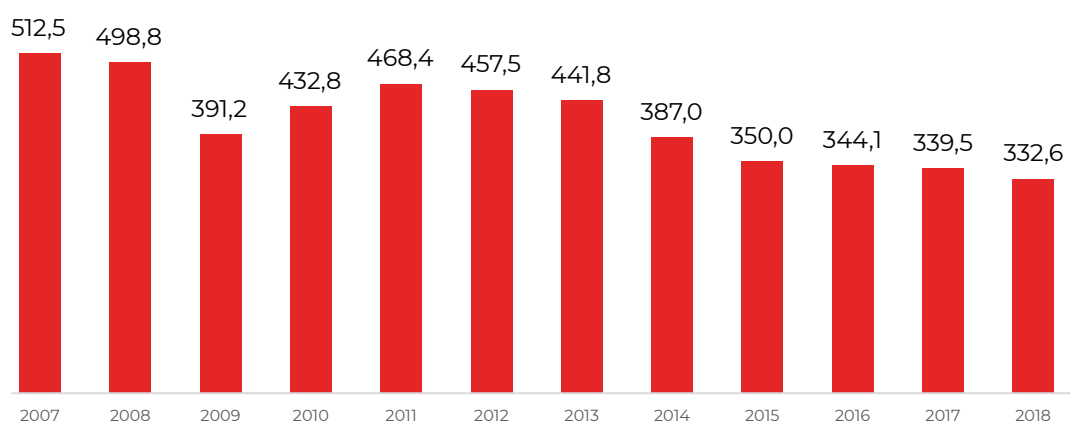
It is notable that Ukraine, due to its area and size of population, apart from its transit potential, can become an endpoint for delivery and dispatch of goods to China. In this case, the functioning Eurasian route would be a more obvious option for China, especially for the western and central regions, which constitute a priority for the country's leadership. Another contributor is the trade relations between Russia and Ukraine, which existed since the Soviet times, and the common infrastructure of the two countries, even despite the double-digit decline in mutual trade after 2014.

An additional impetus to the European interests in Ukraine can be the [transfer](#) of Ukrainian railways under operational control of German railways (Deutsche Bahn). Such development of the situation is still on the agenda and, in case it is implemented, will lead to re-orientation of strategic development of the railway network and transit traffic in favor of the interest of the German monopoly. Simultaneously, according to the estimations, such turn of events can [re-open](#) Ukraine's access to transit of goods via Russia to the Central Asia.

Event taking into account all the aforementioned plans, Ukrainian railroads are presently in crisis. In 2017, the transit container traffic amounted to only **73.7 thousand TEU**. There is a steady reduction in the volume of railway traffic (from 512 million tons in 2007 to **322.6 million tons** in 2018), considering that railroads account for **55 % of cargo traffic** in the country. Besides, the share of railway traffic has dropped from 14 % to nearly 6 % for the same period. Railway fleet wear – is approximately **90 %**. Therefore, transformation of Ukraine into a developed transit hub will require significant investment in the fleet and linear infrastructure, updating and performance improvement.

UKRAINIAN RAILROADS' CARGO TRAFFIC VOLUME IN 2007–2018

million tons



Even in the aforementioned situation, the country's strategic position will determine the search for alternatives and the way out of the crisis. In this case, it will be **necessary to support the development of direct railway routes via Ukraine, instead of the existing alternative of the route via the Black and Caspian Seas**, and via the northern part of Ukraine bypassing Belarus. In this scenario, some of the trains can even have an **endpoint** in Ukraine, **without further transit**, which is also important for the development of transcontinental shipments using the Eurasian route in opposition to the Trans-Caspian mainline.

In January and February 2020, Polish PKP Group **launched** two first pilot transit trains Sian – Slawkow (Poland) using broad gauge railway initially built for transportation of feedstock from Ukraine for steelmaking plants in Poland. The shipment took 11 days, with the distance amounting to 9500 km. The road uses the same advantages of one break of gauge but is a little bit shorter than the Belorussian route and is fully dedicated to cargo traffic. It is envisaged to extend the geography of destination points to Szechuan (Chengdu) province. Although this route is only starting to develop, its direct competition with the more successful and established route via Belarus will require significant investment and time given narrow-segmented benefits for consignors and consignees.

Certain prospects of Ukraine's development as a transit country are associated with integration of latitudinal and meridional routes, e. g. the **route from Turkey**, which export, in this instance, is directed to the North Europe via Ukraine by sea and consists of the machine-building products and transportation equipment. In this destination, the already functioning route is **Viking**, the project by Lithuanian, Belorussian and Ukrainian railways, via Klaipeda – Minsk – Kiev – Odessa – Istanbul, having a dedicated railway branch via Romania and Bulgaria. The transit time of the route constitutes 8–10 days, whereas its cargo traffic in 2019 amounted

to – approximately 50 thousand TEU. Viking is positioned as an alternative to the sea route around Europe and the motorway via Poland. Notably, the development of meridional corridors can be politically disputable, as in the recent diplomatic conflict between Belarus and Lithuania.

Finally, yet another alternative route via Ukraine uses the country's access to the Black Sea and its developed port of Odessa. The main beneficiaries of this route's development are Ukrainian companies, e. g. Global Ocean Link headquartered in Odessa and engaged in cargo deliveries from Odessa to Poland and Germany.

The marine route via Ukraine is a part of the Trans-Caspian corridor which will be discussed below. This route, passing from Odessa via the Black Sea to Georgia, and next via Azerbaijan and the Caspian Sea to Kazakhstan, was first tested in 2016 after Russia imposed restrictions on transit of Ukrainian goods. According to the estimations made in Kiev, the Russian ban resulted in the Ukrainian loss of profit in the amount of 297.7 million dollars.

The preliminary analysis shows that the most beneficial option for Ukraine is to connect to the northern, instead of the central (Trans-Caspian) route of the East-West corridor. Such connection would be complementary to the existing route and facilitate implementation of Ukraine's competitive advantage in transit to the South Europe and some of the countries of the Central Europe. The existing sea route, merging into the Trans-Caspian corridor, requires crossing the two seas and deprives Ukraine of a number of advantages, since cargoes from Georgia can go directly to the EU ports (Bulgaria, Romania) or countries of the South Europe. Development of the marine routes logically entails development of continental routes and cannot be the country's single priority notwithstanding the existing political environment.

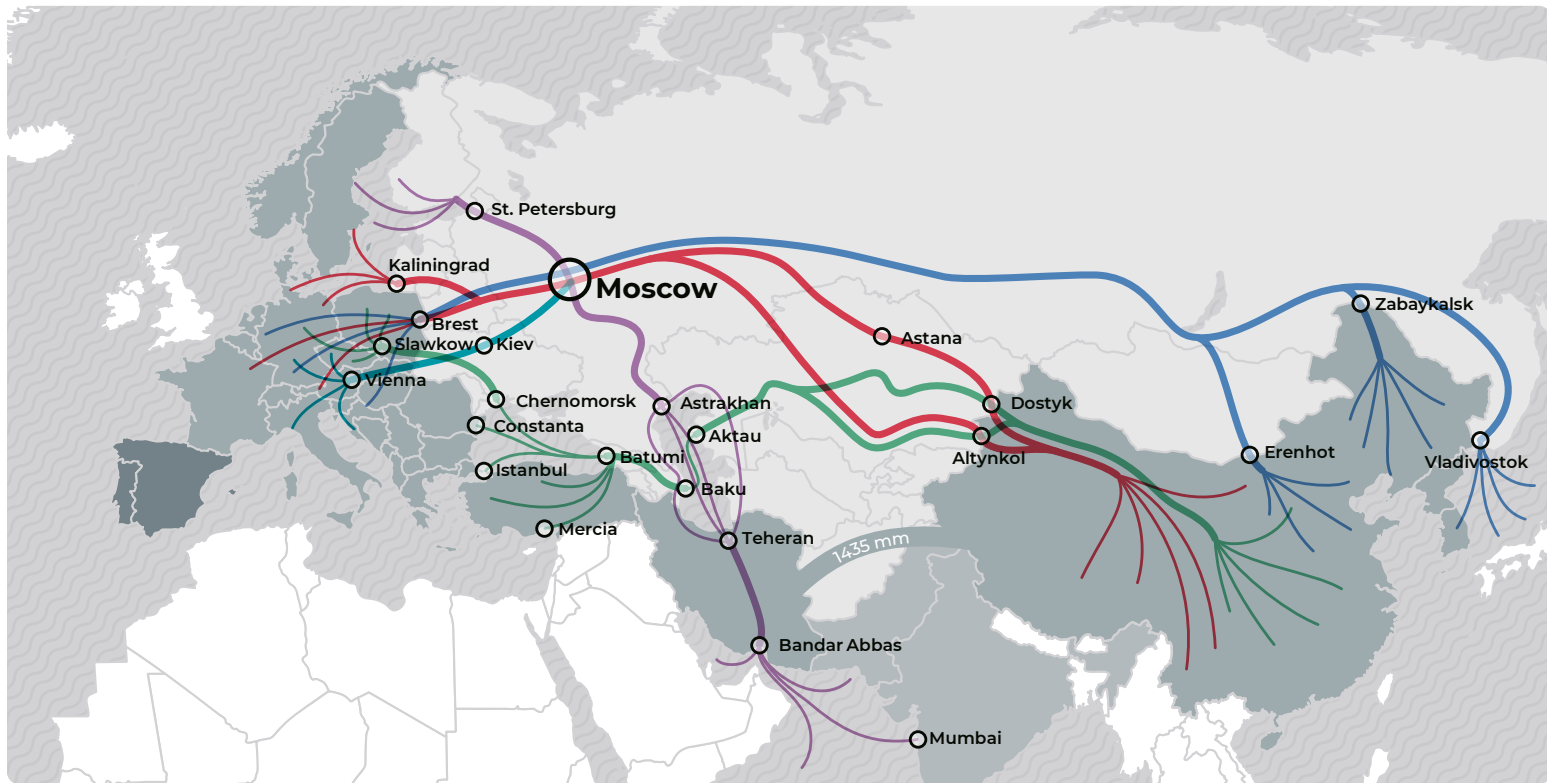
ALTERNATIVE ROUTES IN THE CENTRAL PART OF THE EAST-WEST CORRIDOR

The already established Eurasian railway route is currently challenged by the Trans-Caspian International Transport Route, also referred to as the Middle Corridor. The route's foundation dates back to 2013 when a Joint Coordination Committee for the Middle Corridor was established upon initiative of railroads of Azerbaijan, Georgia, and Kazakhstan. In 2017, the initiative was extended: International Association "[Trans-Caspian International Transport Route](#)" was founded, including the Caspian Shipping Company (Azerbaijan), and the Baku and Batumi commercial ports. Thereby, the project stakeholder circle was shaped and relation between the rail and sea carriers was established.

Unlike the alternative routes, **the Middle Corridor initially presented a project for fulfilment of the transport logistic potential of the Caspian region and improvement of transport connectivity between the countries** and with the rest of the world. Therefore, issues of transit and integration into the traffic between the EU and PRC started to be considered later, since 2017. In order to establish a wide circle of partners, in addition to the founders of the Association, other [permanent and associate members](#) were invited, including Turkish Railroads (TCDD Transportation), Ukrainian Railroads (Ukrzalyznytsa) and some of the companies from China, Romania and the founding countries.

Thus, creation of the corridor, apart from the opportunities of transit and benefits from it, was initially based on "assembly" of the region, improvement of its connectivity, and raising investment into the infrastructure. The shaped circle of partners was meant to increase commitment to the development of the route and create "rules of the game" for the long term, thus addressing the main idea behind ITCs, i. e. predictability.

BASIC CONTINENTAL INTERNATIONAL TRANSPORT ROUTES OF EURASIA



Latitudinal corridors
East-West

- Northern route
- ITC No. 5 Ukraine
- Eurasian route
- Trans-Caspian route



Meridional corridors
North-South

- North-South



Gauge

- Russian gauge (1520 mm)
- Indian gauge (1676 mm)
- European gauge (1435 mm)
- Iberian gauge (1668 mm)

An important feature of the Middle Corridor distinguishing it from the Eurasian route is that the cargo traffic of the former is not only aimed at the EU, but also at Turkey: by sea to Istanbul and by rail to Asia Minor. Besides, taking into account the specific niche of Kazakhstan and Azerbaijan in the global trade as suppliers of feedstock in the first place, primarily the hydrocarbons, the route had an important task beyond its transit mission, vital for the Middle-Asian countries along the route: to develop the countries' export potential, especially in the case of Azerbaijan.

The Trans-Caspian corridor merges in many of its sections with TRACECA (Transport Corridor Europe – Caucasus – Asia), which was initiated by the European Union as an inter-governmental platform for improving cooperation in the field of transportation. TRACECA's official purpose was to create an alternative to the Russian transport route, linking the EU to the countries of the Caucasian region and the Middle Asia. Although the TRACECA initiative keeps functioning and has objectives until 2026 to coordinate efforts for the development of infrastructure, lowering the barriers to interaction, and harmonization of approaches of the states to regulation of the transportation sphere and transit, the Middle Corridor is distancing itself from the European initiative. Nevertheless, the operations area of the two initiatives and their development journeys are very much alike.

Two conclusions can be drawn on the basis of the analysis of the route provided above. First, the Middle Corridor has obvious advantages over other routes as concerns the transit between PRC and Turkey (with further diffusion of cargoes in the East Mediterranean region). Second, in case this direction is chosen as the priority, the route's potential cargo turnover will be obviously lower compared to the northern routes, focused mainly on the EU's industrial center – Germany. Therefore, to a certain extent, the Trans-Caspian corridor occupies a distinguished niche in comparison to the alternative routes.

Nevertheless, despite significant investment and establishment of cooperation structures, the plans for creating a single operator have never come to fruition, unlike in the Eurasian and Northern routes. Unlike the northern routes, the Trans-Caspian route joins countries which are not members of different integration associations. **The Eurasian route is supported by the Eurasian Economic Union, which is committed to linking the countries together and implements a staged reduction of transactional and other expenses** for operators, for instance, by introducing paperless technology and lowering tariff and non-tariff barriers to trade. The Russian route is supported by Russia in order to preserve unique positions of the country in the East-West transit. Conversely, the Middle Corridor does not offer such advantages, which increases transactional costs of interaction and integration development in the Trans-Caspian space.

Against the background of successful development of the Eurasian railway route, which, according to some estimations, has already attracted more than 4 % of cargo transit between PRC and the EU, both Middle Corridor and TRACECA aim at attracting some of the cargo traffic to the route via the Caspian Sea and Georgia. According to the available data, in 2019, the volume of container shipments through the Middle Corridor **amounted to 26 thousand TEU**, which is 13 times less than the results of the Eurasian route (333 thousand TEU). As per 2020 year end result, the target is 35 thousand TEU. To enable a qualitative leap in this area, the Middle Corridor Association arranged Nomad Express container trains:

- Shihezi (China) – Kyshly (Azerbaijan) – 6 days;
- two trains Lianyungang (China) – Istanbul (Turkey) – 18–19 days;
- three trains Chengdu (China) – Istanbul (Turkey) – 17 days;
- Chernomorsk (Ukraine) – Dostyk (Kazakhstan) – 16 days.

The main obstacle to attracting transit traffic from the northern routes are objective circumstances related to the economical and geographical position. For delivery of cargoes to Europe via the Middle Corridor, it is required to cross the Caspian Sea using Kazakhstan Aktau and Kuryk ports and the Azerbaijan Alat port, which leads to increased time and cost of shipment. Next, the cargo goes via Georgia by rail to Turkey or by sea to the Black Sea countries with further trans-shipment to a different mode of transport.

Thereby, the route crosses five borders and at least one sea – and in case it is heading to the EU, also the Black Sea – and the Caucasian mountains. If the transit time of the Eurasian route (from border crossings Altynkol or Dostyk to the border between Belarus and the EU) takes less than **6 days**, than **the guaranteed time in transit via the Middle Corridor** from Altynkol station to Batumi/Poti is 7 days, to Istanbul – 10 days, to the Romanian port of Constanta – 9 days, and to the Polish city of Slawkow via Ukraine – 15 days. Considering the above, at this stage of development, the conclusion is that **the Trans-Caspian alternative to the northern routes of the East-West corridor is not competitive if the end consignees are located in the countries of the Central Europe.**

Further development of the corridor requires investment in updating the infrastructure, even though certain projects have already been implemented. In 2019, regular [feeder traffic](#) was established between Kazakhstan and Azerbaijan. In 2018, Azerbaijan opened the Baku International Sea Port complex in Alat by radically updating the infrastructure and transferred the center of all marine operations of the country there. In the future, the cargo transshipment potential of the port is expected to rise to [25 million tons per year](#). Substantial funding comes from Turkey, which acts to become a major transport hub by investing in development and expansion of the [Baku – Tbilisi – Kars](#) railway. On the part of the European business, Trans-Caspian route appears to be of interest for the Austrian Railroads (ÖBB Rail Cargo Group), which concluded a [memorandum](#) for expansion of transit traffic to Europe.

It is also notable that if in case of the Eurasian route, development of integration processes within EAEU plays an important role, in the Middle Corridor space the development is stimulated by pragmatic interest and Pan-Turkism on the part of Turkey and Azerbaijan. Being political allies and by the power of the available resources, both countries attempt to make the most of their position. Besides, the [political undercurrent](#) is obvious, e.g. in their attempts to “exclude” Armenia from the regional transport routes or include there the enclave of Azerbaijan – Nakhichevan. On the one hand, the political motive is an important factor of commitment of the countries to development of the Middle Corridor, but on the other hand, building of corridors “despite” other routes exposes them to the changing political environment.

In conclusion, it must be mentioned that Azerbaijan has high hopes for transit from China and EU and also for development of the North-South corridor. In the conditions of weak cargo base of the region’s countries, especially in terms of containerization (feedstock-focused export, few industrial goods shipped in containers), attraction of transit traffic becomes crucial. However, stable position and competitive advantages of the northern routes – either Eurasian or via Russia – stimulate the states along the Middle Corridor to develop meridional routes.

CONCLUSION

International Transport Corridors are an important economical and political tool for connecting spaces. The purpose of ITCs is not only to develop the transit or transport logistic potential, but also to achieve synergy and multiplicative effect through development of transit, spillover effect in favor of achieving the goals of economical development, improving connectivity between territories and regions, or political expediency.

For the Eurasian space, ITCs have central importance due to the challenge of the continental position. Continentality also stands behind the key role of railway transport in “assembly” of the Eurasian space. In this regard, theoretically, there is a significant potential in integration of latitudinal and meridional ITCs, and in correlation between development of transport corridors and national development plans. To increase stability and commitment to the development of ITCs, it is important to align the objectives of transit with EAEU plans and national priorities for development of countries along the route.

The purpose of this research was to study the latitudinal routes within the East-West corridor with the EU and PRC as end consignees. The analysis has shown that the eastern, western and central parts of the corridor split into routes with various degrees of institutionalization. The key role in the development of China – EU – China continental transit belongs to the Eurasian route via Kazakhstan, Russia and Belarus.

Whereas in the eastern section both northern routes, the Eurasian route and the Russian route, have different cargo bases and co-exist, in the central and western sections they encounter pressure from the alternative routes. Development of alternative routes is stimulated both by end consignees that value diversification, and by regional players aimed at obtaining their portion of the rapidly developing Eurasian transit.

Despite the existing challenge, the Eurasian route has objective advantages over its competitors. The Trans-Caspian route, due to its geographical peculiarities, cargo base constraints and infrastructural bottlenecks, can take over only a certain portion of the Eurasian transit traffic, which is mostly focused on the Mediterranean and Black Sea countries.

In the western segment, Ukraine has certain potential as a transit country, especially due to the interest of the EU countries in diversification of routes. Nevertheless, due to low containerization and infrastructural constraints, transit via Ukraine can be beneficial only in combination with Russian railroads and further connection to one of the northern Eurasian routes.