



## **The Middle Corridor Initiative - Where Europe and Asia Meet**

### **Event Report**

Date: May 27, 2024

Location: EIAS Brussels

During the ‘The Middle Corridor Initiative - Where Europe and Asia Meet’ conference moderated by Marat Terterov from the Brussels Energy Club, the strategic importance of the Middle Corridor was underscored. As international businesses gradually shift away from Russia, the realignment of supply chains has highlighted the Middle Corridor as a crucial trade route. The development of new connectivity and transport routes avoiding Russia is not new, for instance, the 1993 TRACECA organization supported by the EU with the participation of the Commonwealth of Independent States (CIS) provides an intergovernmental platform to enhance this corridor, benefiting the booming economies along the route. Despite geopolitical challenges, investment continues, with 70 trains traveling daily from China to Europe. Strengthening this corridor through infrastructure investments, such as the Port of Baku, is essential for securing economic development.

Mr. Yusif Abdullayev, Executive Director of AZPROMO, emphasized Azerbaijan’s economic developments in the last years. In 2023, Azerbaijan's GDP grew by 1.1%, with 63% of this growth coming from non-oil sectors, reflecting the country’s successful diversification strategy. Non-oil exports valued at 3.3 billion USD demonstrate Azerbaijan’s role as a reliable trading partner. Key infrastructure projects like the Baku-Tbilisi-Kars railway, the largest maritime fleet in the Caspian Sea, the Alat Free Economic Zone (AFEZ), and the Baku Shipyard are pivotal to this strategy. Azerbaijan’s favorable business environment and investment incentives have made it a top global recipient of foreign direct investment (FDI). Business forums at COP29 highlighted the importance of the green agenda, which Azerbaijan embraced even before organizing COP29. Optimism about a peace agreement with Armenia suggests future regional stability, further enhancing Azerbaijan’s economic prospects.

Ms. Sarah Rinaldi, Head of Unit for the Middle East and Central Asia at the European Commission’s DG INTPA, emphasized the strategic importance of Central Asia for the EU, particularly in light of the Taliban’s takeover of Afghanistan and the Russia-Ukraine war. The 2019 EU Strategy for Central Asia and the Global Gateway initiative, including the Coordination Platform, are crucial for this region. Ministerial meetings focus on energy and

connectivity, while the 'EBRD Study on sustainable transport connections with Central Asia' explores sustainable transport connections. The Middle Corridor is seen as more reliable than other transport routes for the EU, with a strong emphasis on green transition, socio-economic development, and environmental priorities.

Ms. Camilla Brückner, Director of the UNDP Office in Brussels, delved into the connectivity and infrastructural hurdles facing the Middle Corridor. The Director highlighted its significance as an international concern for supply chains, addressing challenges ranging from bureaucratic impediments to climate resilience in Central Asia and the South Caucasus. Under the Paris Agreement and the Climate Agenda, efforts to mitigate climate impacts are essential for sustainable regional development. Achieving the Sustainable Development Goals (SDGs) requires unlocking private investments, fostering green production capabilities, and embracing digitalization along the Middle Corridor.

In conclusion, the strategic enhancement of the Middle Corridor, along with Azerbaijan's economic diversification and the broader regional collaboration encouraged by the EU and other international organizations, paves the way for a more interconnected and resilient economic future. By prioritizing infrastructure investments, advancing green initiatives, and fostering international cooperation, the Middle Corridor is poised to become a vital axis of global trade, promoting sustainable growth and stability across the region. This comprehensive strategy not only benefits the countries along the corridor but also significantly bolsters global economic resilience and sustainability amid evolving geopolitical and environmental challenges.