



## The Middle Corridor: Navigating Current Realities and Embracing Future Prospects

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### **Event Report**

The European Institute for Asian Studies (EIAS) and the Center for Analysis of Economic Reforms and Communication (CAERC) of Azerbaijan, committed to advancing dialogue on EU-Greater Caspian Region connectivity and economic cooperation, organised the Conference and Book Presentation 'The Middle Corridor: Navigating Current Realities and Embracing Future Prospects' in Brussels on Monday, 24 November 2025.

The speakers for the occasion were:

- Prof Vusal Gasimli, Executive Director of the Center for Analysis of Economic Reforms and Communication of the Republic of Azerbaijan (CAERC).
- Ms Diana Jablonska, Head of Unit for Regional Strategy & Investment, DG ENEST, European Commission.
- Mr Erik Van De Sande, Owner, Transport Management Consultants & Surveyors.
- Mr Marat Terterov, Executive Director and Co-Founder, Brussels Energy Club.

Prof. Vusal Gasimli, editor of the book 'The Middle Corridor: Navigating Current Realities and Embracing Future Prospects,' jointly developed by CAERC, the OECD, and the CAREC Institute, kicked off the discussion by presenting the book. Authored by 22 scholars from 10 countries (Azerbaijan, Türkiye, Kazakhstan, China, the United Kingdom, Serbia, Pakistan, Austria, Spain, and Mexico), it was published in English by University Press Târgu Mureş in Romania. Prof. Gasimli addressed the audience, highlighting how geopolitics continues to constrain economic development across Eurasia, and how the Middle Corridor offers a strategic alternative to traditional, politically vulnerable transport routes. Beginning in East Asia and crossing the landmass of Türkiye before reaching European markets, the Middle Corridor is gaining increasing relevance as countries seek more predictable and diversified connectivity options. Azerbaijan is a major driver of geo-economic diversification in the region. Over the past decades, the country has constructed more than 1,500 kilometres of railway, expanded its highway network, and built the largest seaport on the Caspian Sea. Significant capital investments in transport and logistics infrastructure have allowed Azerbaijan to activate new ports and develop its own modern Silk Road, positioning it as a key partner of the Middle Corridor. The potential of the Middle Corridor is vast. Current capacity stands at roughly 18,000 TEU, but projections indicate that it could rise to as much as 850,000 TEU with the right investments. This is an enormous expansion that could allow the corridor to rival and, in some areas, surpass Russian-backed transit routes. Azerbaijan, along with Uzbekistan and Kazakhstan, is described as a 'keystone state,' essential for maintaining regional order and enabling efficient East-West trade. According to the World Bank, trade along the Middle Corridor could triple if bottlenecks are addressed.

However, a business-as-usual approach will not be sufficient. To fully de-risk the corridor and modernise its infrastructure, the European Bank for Reconstruction and Development (EBRD) estimated 18.5 billion EUR in investments. The recent Joint Declaration on Future Relations between Azerbaijan and Armenia of 8 August 2025 opens new opportunities for peaceful regional development and greater connectivity, underscoring the broader message that strengthened cooperation with neighbours promotes stability, predictability, and prosperity. Looking forward, the Middle Corridor is set to evolve beyond physical transport.

At COP29, Azerbaijan and its partners committed to building a 'Green Middle Corridor,' enabling the flow of renewable electricity from Asia to Europe. Digitalisation is also a growing priority, with Azerbaijan exploring common frameworks with the EU. As a result, the Middle Corridor is increasingly seen not just as a transit route but as a comprehensive value chain integrating logistics, energy, and digital infrastructure.

Professor Gasimli concluded that the Middle Corridor offers a platform for dialogue and cooperation at a time when geopolitical tensions threaten global economic flows. By enhancing connectivity and fostering collaboration, it provides an opportunity to mitigate geopolitical risks and prevent the emergence of new divides and subsequently avoid a *clash of civilisations*.

The panel discussion commenced with guest speakers Diana Jablonska, Erik Van De Sande, and Marat Terterov. According to Diana Jablonska of the European Commission's DG ENEST, the Middle Corridor is gaining strategic relevance as Europe and its partners seek to diversify trade routes amid growing geopolitical uncertainty. Studies suggest that by 2040, the volume of high-value container traffic could significantly increase, reinforcing the need to act now while international momentum is strong. The corridor matters for three main reasons: it supports diversification and regional integration across Central Asia and the South Caucasus; it can generate substantial new regional trade; and it offers a platform for cooperation that aligns with the EU's connectivity vision. In the short term, Ms Jablonska emphasised that the most important deliverables are soft measures like digitalisation, harmonised procedures, and improved rules and standards. These can deliver quick efficiency gains and help partners collectively determine priorities for building a well-functioning corridor.

Erik Van De Sande highlighted that companies ultimately focus on cost, even when the corridor offers advantages in speed, predictability during crises, and sustainability. The biggest structural challenge is the imbalance in East-West trade volumes, which drives up costs and weakens the corridor's competitiveness. Increasing cargo volume is therefore essential as it lowers unit costs and attracts further business. Short-term solutions include streamlining border procedures, accelerating digitalisation, and improving port operations to handle cargo more efficiently. Mr Van De Sande stressed that while significant investments have already been made, long-term success depends on convincing shippers and logistics firms to use the corridor. Public investment must be matched by business uptake and higher volumes to unlock the corridor's full potential.

Mr Marat Terterov stressed that in the Caspian and Central Asian regions, neighbours should trade rather than fight, noting that economic incentives can help ease tensions, including between Armenia and Azerbaijan. Keystone states such as Azerbaijan, Uzbekistan, and Kazakhstan have built stable governance models, are resource-rich, and increasingly attract technology and investment. This means that the mechanisms and foundations for deeper regional trade are already there. Despite geopolitical pressures, he underlined that regional commerce has remained resilient. He noted that boosting volumes will require simplified procedures and concrete project delivery. Mr Terterov also highlighted the region's well-connected and modern energy systems linking Kazakhstan, Azerbaijan, Georgia, and Türkiye, which already enable significant supplies to the EU. The next challenge is aligning these systems with EU green-transition priorities, including carbon capture, renewable energy projects, and the still-emerging offshore wind potential in the Greater Caspian Region. Looking ahead, Mr Terterov called on all partners to support efforts to raise volumes, streamline processes, and ensure that the value generated by new connectivity is effectively used.



Prof. Gasimli concluded that the main takeaway from the book is that there is no one-size-fits-all solution. Strategies should be problem-driven and adapt iteratively to challenges as they arise.

The discussion concluded with a Q&A engagement with the audience. During the discussion, participants highlighted that the Middle Corridor's success depends on both infrastructure and governance, as well as regional cooperation. Prof. Vusal Gasimli emphasised that digitalisation is critical and that the corridor is only as strong as its weakest link. He highlighted that harmonised procedures and infrastructure upgrades are essential. Increasing trade volumes requires a secure and predictable framework for the private sector, including multi-year contracts. While East-West imbalances in cargo flows will persist for the next decade, gradual measures can help address them, and a total-cost approach is key to evaluating corridor efficiency.

Marat Terterov stressed that geopolitics should not overshadow trade and investment, noting that the 2020 pandemic had a greater impact on regional business than conflicts such as Russia-Ukraine or Iran-Israel. He called for moving beyond sovereignty-focused approaches toward regionalism, enabling practical cooperation between neighbours, including Armenia and Azerbaijan.

The panellists agreed that regional integration and cooperation benefit all corridor countries. Prof. Gasimli stressed the importance of strengthening regional platforms and finding common denominators to include all partners. Diana Jablonska noted that diversification and cross-regional cooperation enhance resilience, while Erik Van De Sande underlined that peace is essential for business, and stability ensures that borders do not impede profitable trade.