

NEW ROUTES, NEW MARKETS

GLOBAL GATEWAY AND POTENTIAL MARKETS ALONG THE ‚MIDDLE CORRIDOR‘

20. FEBRUARY 2025, HAMBURG CHAMBER OF COMMERCE

OPENING AND WELCOME REMARKS

- **Stephan Schnabel**
Vice President, Hamburg Chamber of Commerce
- **Liv Assmann**
State Councillor and Plenipotentiary of the Free and Hanseatic City of Hamburg to the Federal Government, the European Union and for Foreign Affairs
- **Prof. Dr. Peer Witten**
Member of the Executive Committee, German Eastern Business Association

STATUS OF THE MIDDLE CORRIDOR DEVELOPMENT 2024

Activities of the bordering countries and harmonization of processes

- **H. E. Nasimi Aghayev**
Ambassador of the Republic of Azerbaijan to Germany

GLOBAL GATEWAY

EU Action to Support the Development of the Middle Corridor

- **Peteris Ustubs**
Director for the Middle East, Asia and Pacific Directorate-General for International Partnerships (DG IntPa), EU Commission

[Link: Global Gateway Business Opportunities](#)

REALIZING THE POTENTIAL OF THE MIDDLE CORRIDOR

- **Murad Gürmeriç**
Senior Transport Specialist, Europe and Central Asia, World Bank

Q1, 2025



Several trade corridors link Europe, Central Asia, and China

THE MIDDLE CORRIDOR

(MC) is a multi-modal network of road, rail, and sea routes linking Europe, Central Asia, and East Asia.

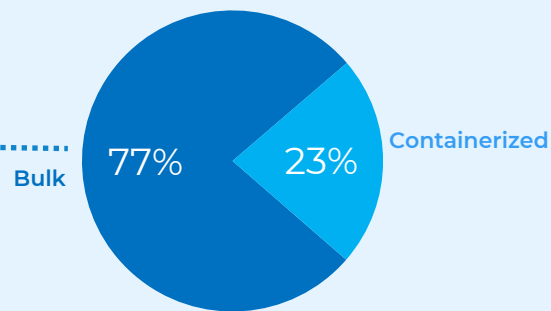
In comparison with other routes, **high transport costs** and **longer travel times** limit its use.



The Middle Corridor mainly transports bulk commodities today ...

FREIGHT VOLUMES TRANSPORTED ON THE MIDDLE CORRIDOR ACROSS THE CASPIAN SEA IN 2021

3.7 million tons



Of which

Oil and oil products: **30%**

Coal and coke: **16.7%**

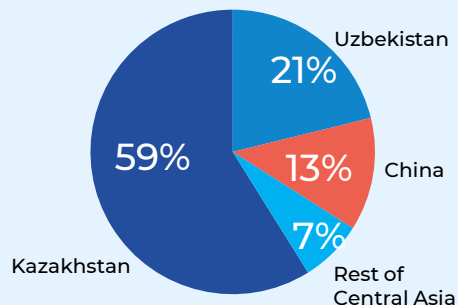
Ferrous and non-ferrous metals: **14.8%**

Agricultural products and grain: **8.8%**

... and most of its freight are trade flows to and from Central Asia

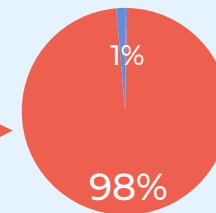
FOR CENTRAL ASIA, THE MC IS A LIFELINE CONNECTION TO GLOBAL MARKETS

87% of MC freight are trade flows between Central Asia and international markets



FOR CHINA, MC IS A DISCRETIONARY CONNECTION

All MC freight between China and Europe is containerized and forms only **0.2%** of MC trade



98% is to/from the South Caucasus and Türkiye

Infrastructure bottlenecks limit MC capture potential for all freight...



Rail

- Infrastructure, mainly in Türkiye and Kazakhstan
- Rolling stock, particularly locomotives in Georgia



Ports

- Black Sea terminals
- Caspian Sea operational efficiency and equipment, complicated by climate change

... while trade facilitation and service delivery issues limit market growth, particularly for higher-value goods

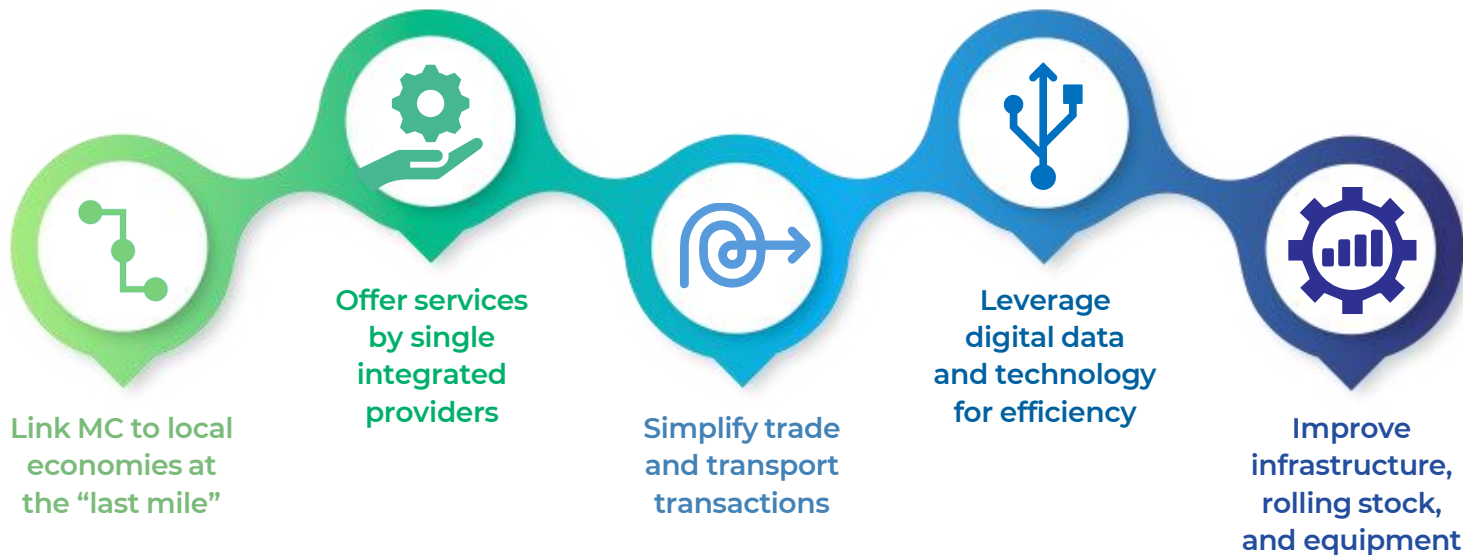


- Despite recent improvements,* the market sees the MC as a **longer route for trade** between China and Europe
- **Customs and border management** are not adequately digitalized, limiting effective information exchange
- There is no track record of **coordinated, scheduled services**

* In recent months, there have been reports of containerized trains taking 12 days between Kazakhstan and Poti, Georgia.

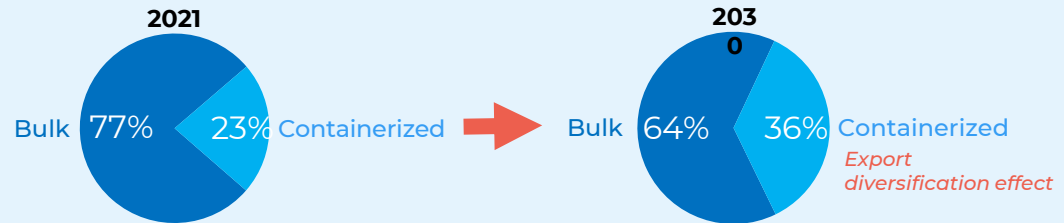
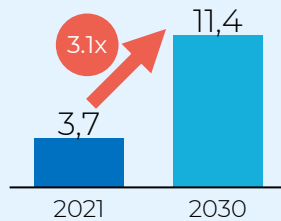
5 steps to realize the MC's economic potential

The World Bank's recent Middle Corridor study shows that five steps can yield positive short-term results for export growth and diversification of product mix, end-market, and routing of exports for all MC host countries.



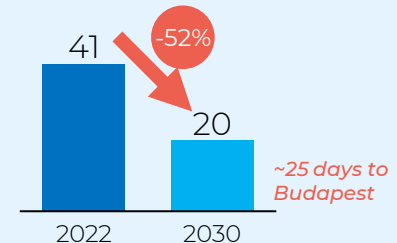
Investments and coordination are key to realizing the corridor's potential volume and competitiveness

MIDDLE CORRIDOR VOLUMES AND DIVERSIFICATION (2021 vs. 2030 MC modernization scenario across Caspian Sea)



- Greater coordination and investments can yield a **37 percent increase in trade between Azerbaijan, Georgia, and Kazakhstan**—and a **28 percent increase between these countries and the EU**—by 2030.

TRANSIT TIMES Khorgos - Türkiye/Bulgaria border



Critical actions to address 10 bottlenecks can triple trade by 2030



1. Create urban bypass to relieve Almaty railway line congestion

2. Create new railway connection between Uzbekistan and Kazakhstan

3. Deliver fit-for-purpose equipment and berth capacity at Port of Aktau

4. Address locomotive shortage in Georgia

5. Expand throughput capacity at Port of Baku

6. Expand maritime port capacity in Georgia, including hinterland connectivity

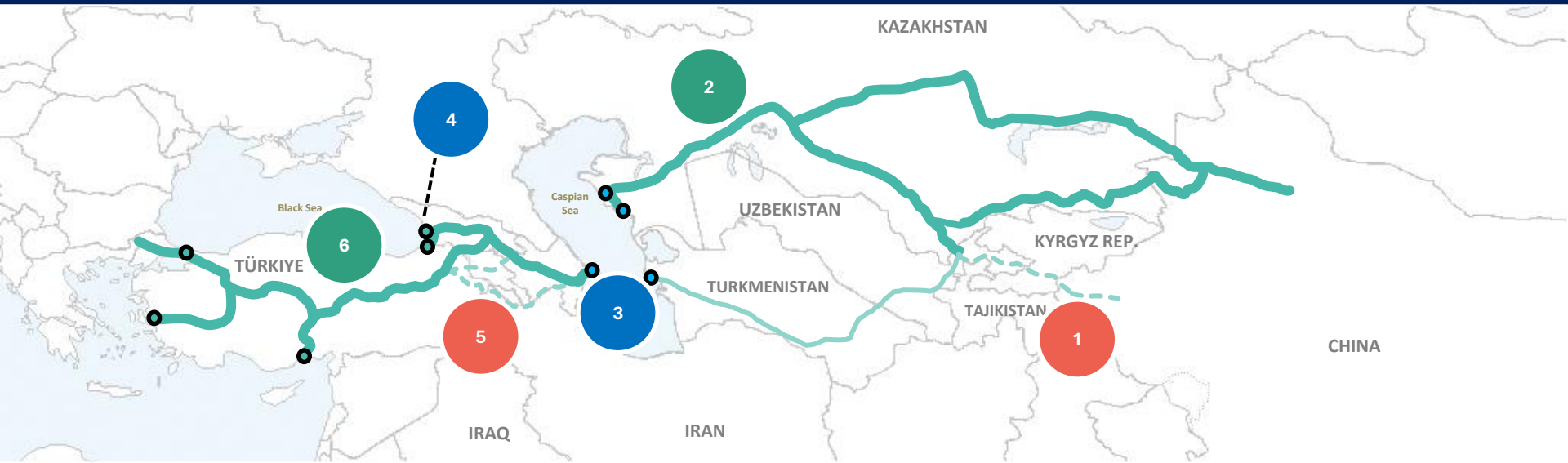
7. Modernize Sivas-Kars-Georgia border railway line (ETMIC Project)

8. Build new above-ground rail crossing across Bosphorus Strait (INRAIL Project)

9. Improve port and rail connectivity in Romania and Bulgaria

10. Corridor-wide: Improve trade facilitation, border management, and service delivery

Additional actions will be needed to increase corridor competitiveness in the 2030s



1. Develop southern branch of MC in Central Asia

4. Develop deep-water port capacity in Georgia with hinterland connectivity

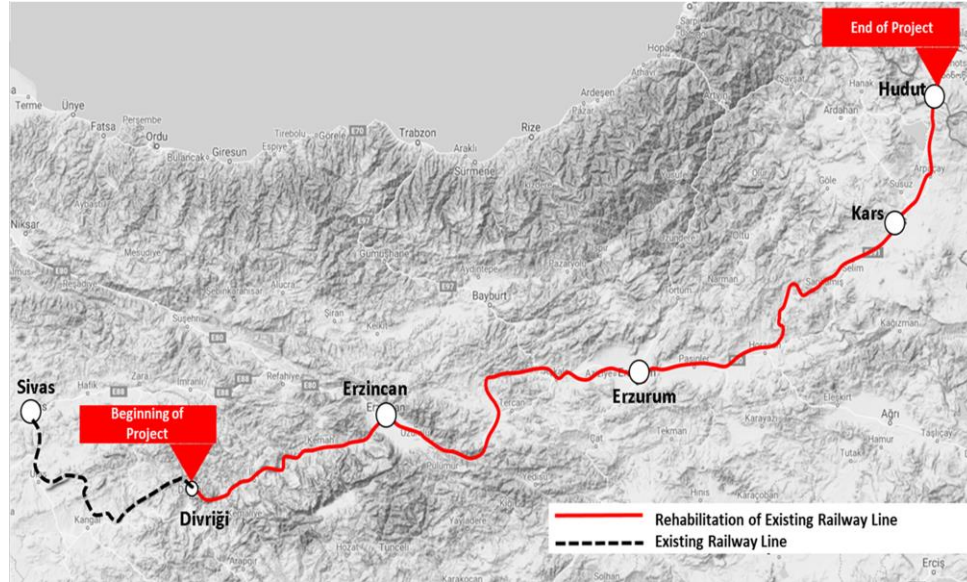
2. Expand the capacity of the western sections of Kazakhstan's railway network

5. Develop new MC branches in the South Caucasus

3. Implement climate adaptation interventions for Caspian Sea ports and vessels

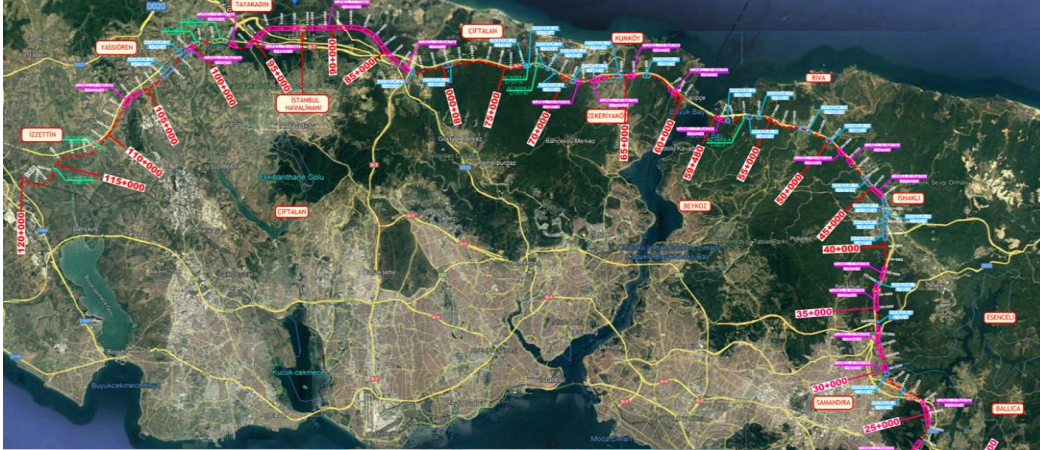
6. Invest in additional rail connectivity at the last mile in Türkiye (RLIP Project)

Divriği-Kars-Georgia Border (ETMIC) Project



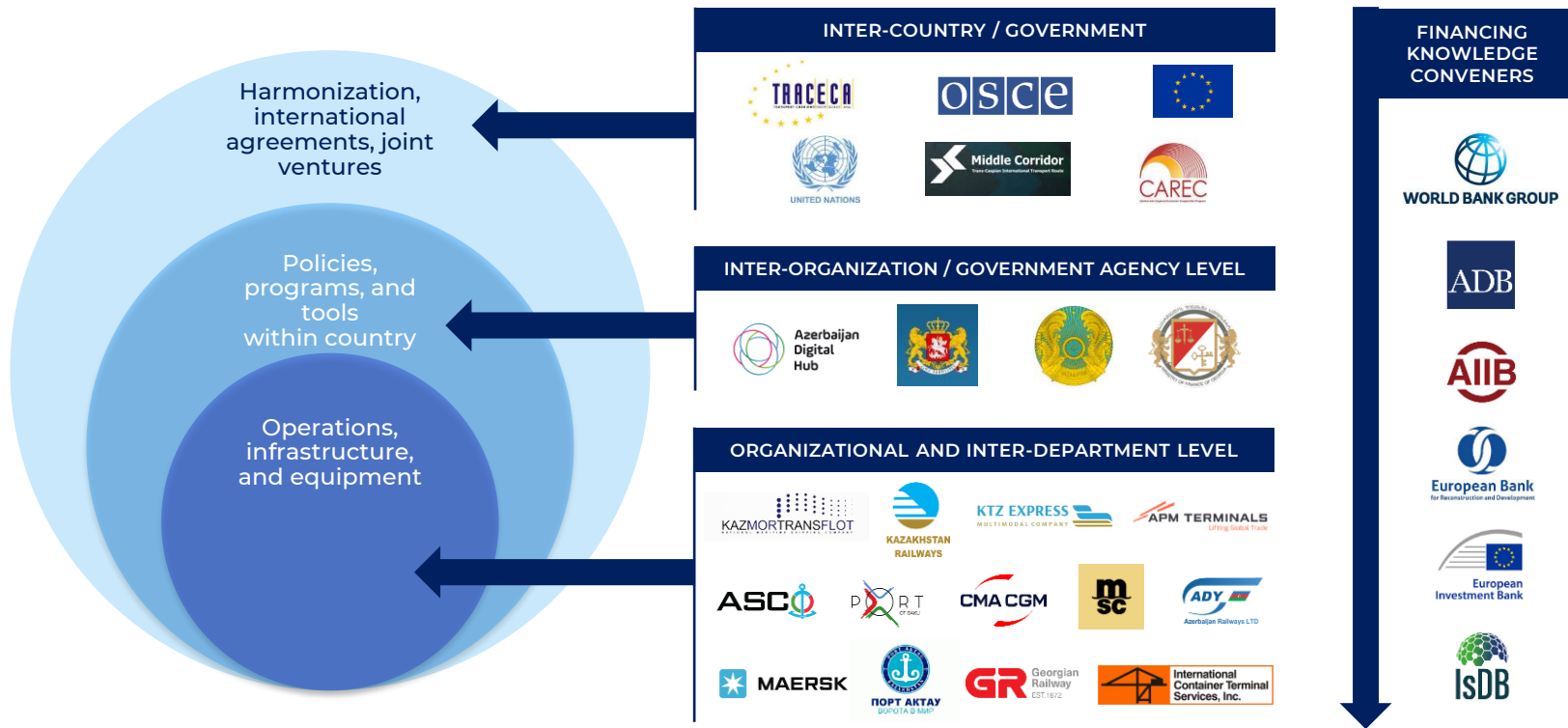
- The project has a cost of \$1.615 billion and will be parallel/co-financed by IBRD (\$660m), IsDB (\$250.7m), AIIB (\$250m), and the rest will come from counterpart funding (\$454.5m, including taxes).
- Project aims to rehabilitate about 667 km of existing railway to quadruple its capacity and will include:
 - Construction of 143km of standard/dual gauge railway line, including 67km of infrastructure and superstructure, and 76km of superstructure works,
 - Installation of ERTMS/ETCS Level 1 signaling, telecommunication, and electrification systems along the entire corridor,
 - Construction of 10 new sidings and existing sidings and STATIONS

Istanbul North Rail Crossing (INRAIL) Project



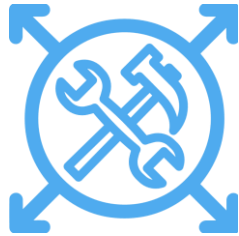
- The project cost is expected to be around \$5 billion. The 122-km rail connection leaves the Çayırova location of Marmaray Line, passes Sabiha Gökçen Aiport, turns north after Sabiha Gökçen Airport, crosses the YSS Bridge, reaches İstanbul Aiport, and then connects to the Halkalı-Kapıkule Line at Çatalca location.
- YSS Bridge already has double-track railway clearance in its centerline.
- The project, crossing through significant wooded areas as well as near water reservoirs, will include 3 single-track TBM tunnels (19.560 m in total), 19 double-track NATM tunnels (21.547 m in total), 11 cut and cover tunnels (5.329 m in total), and 29 viaducts (14.687 m in total) along its alignment in order to minimize E&S related issues.

With a wide range of stakeholders, coordination is critical



Potential next steps for the Middle Corridor

STAKEHOLDERS HAVE IDENTIFIED THREE IMPORTANT APPROACHES



Produce and distribute objective reports on MC logistics and trade performance



Encourage a greater role for the private sector, including as part of a Private Sector Advisory Committee as a 'reality check' on performance



Consider coordination of efforts to prioritize and address bottlenecks in a manner that helps host countries be accountable to one another



MINISTER PANEL

H. E. Absattar Syrgabaev
Minister of Transport and
Communications,
Kyrgyzstan

Satzhan Ablaliyev
Vice Minister of Transport,
Kazakhstan

Vahan Kostanyan
Deputy Foreign Minister,
Armenia

Moderation:

Michael Harms, Executive Director, German Eastern Business Association



New Routes, New Markets, Global Gateway and Potential Markets along the «Middle Corridor»

Hamburg, 2025



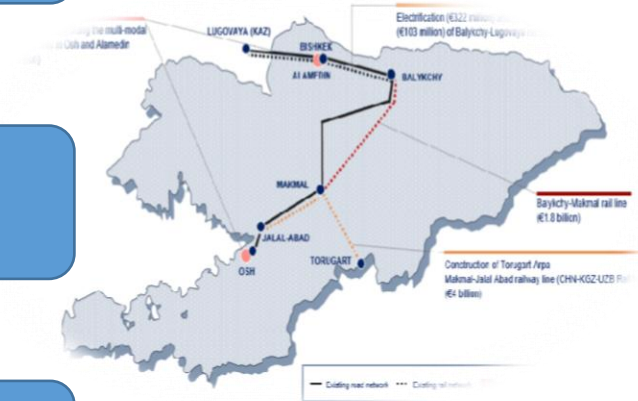
Priority projects of the Ministry of Transport and Communications of the Kyrgyz Republic



1. China-Kyrgyzstan-Uzbekistan Project (CKU)

2. Electrification of Balykchy-Lugovaya rail line

3. The Barskon–Bedel–Uchturfan highway project

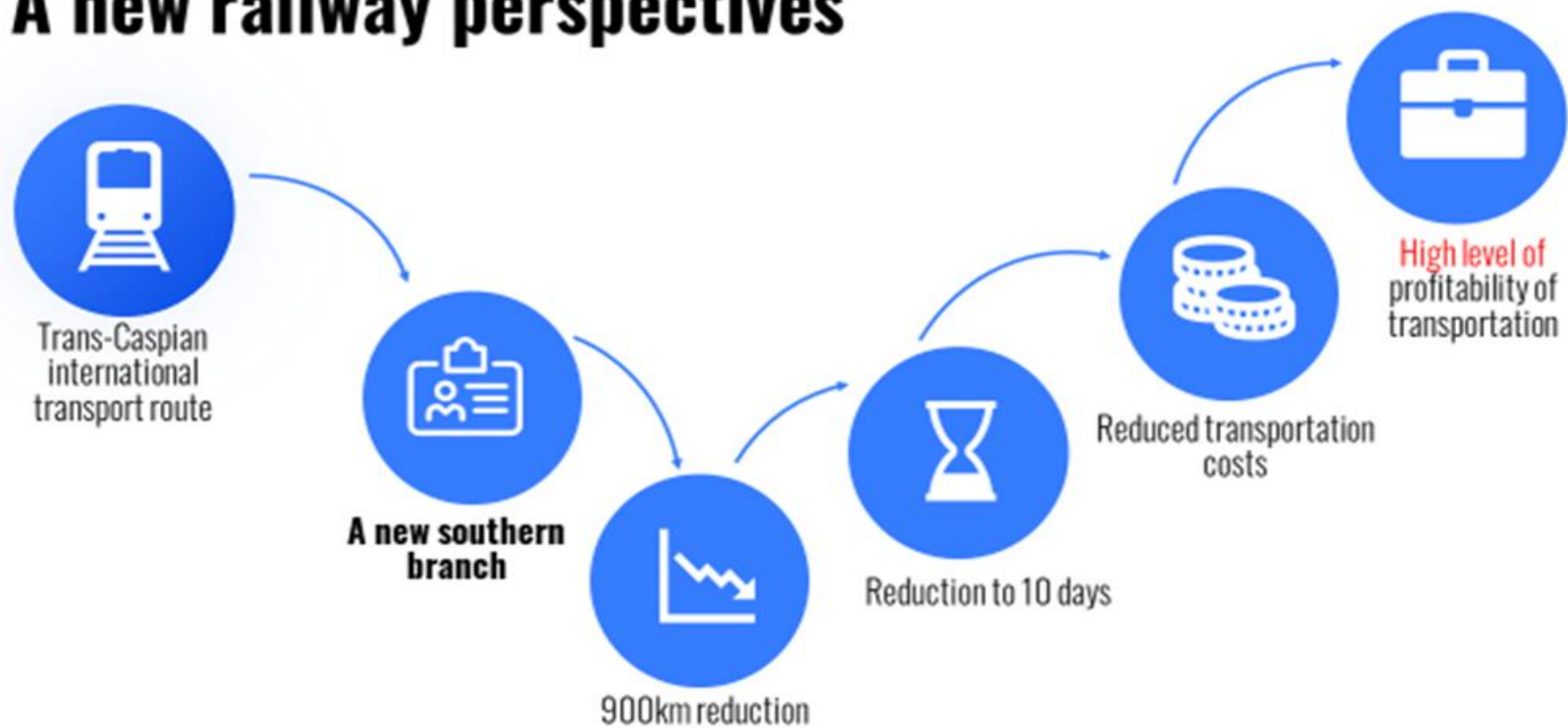




1. Torugart-Makmal-Jalal-Abad railway construction project is a part of the CKU project



A new railway perspectives

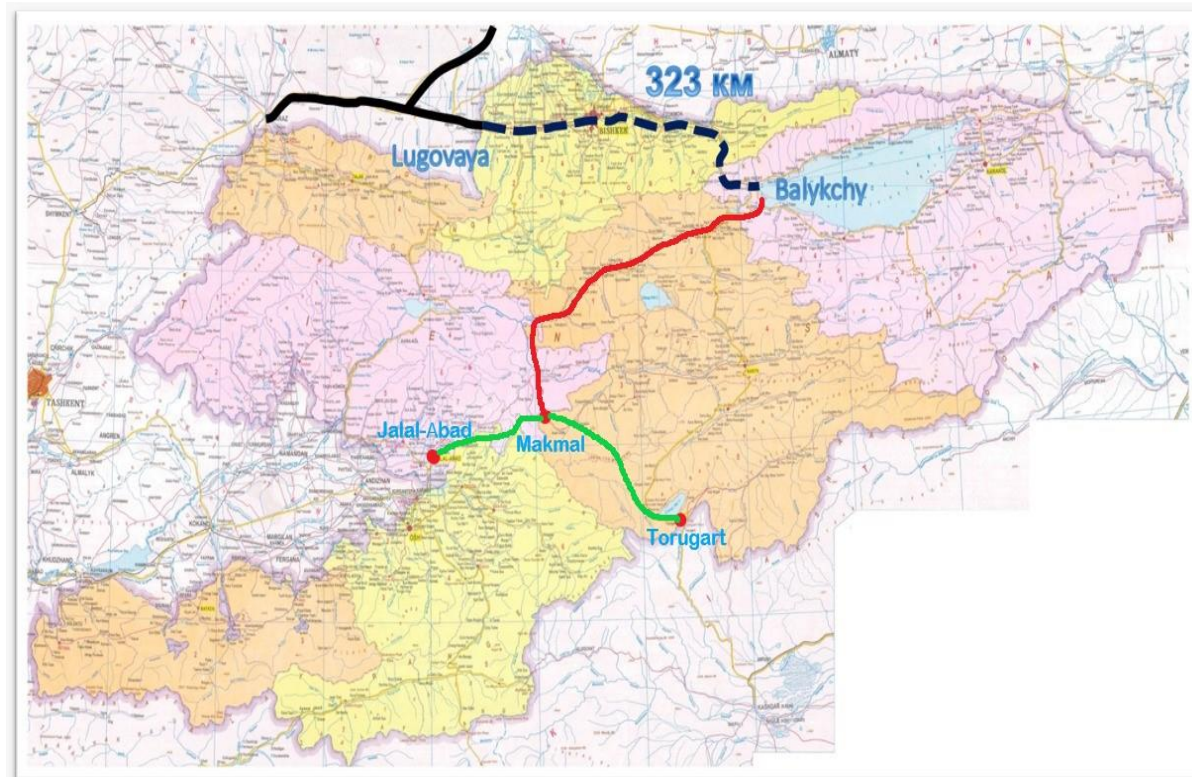




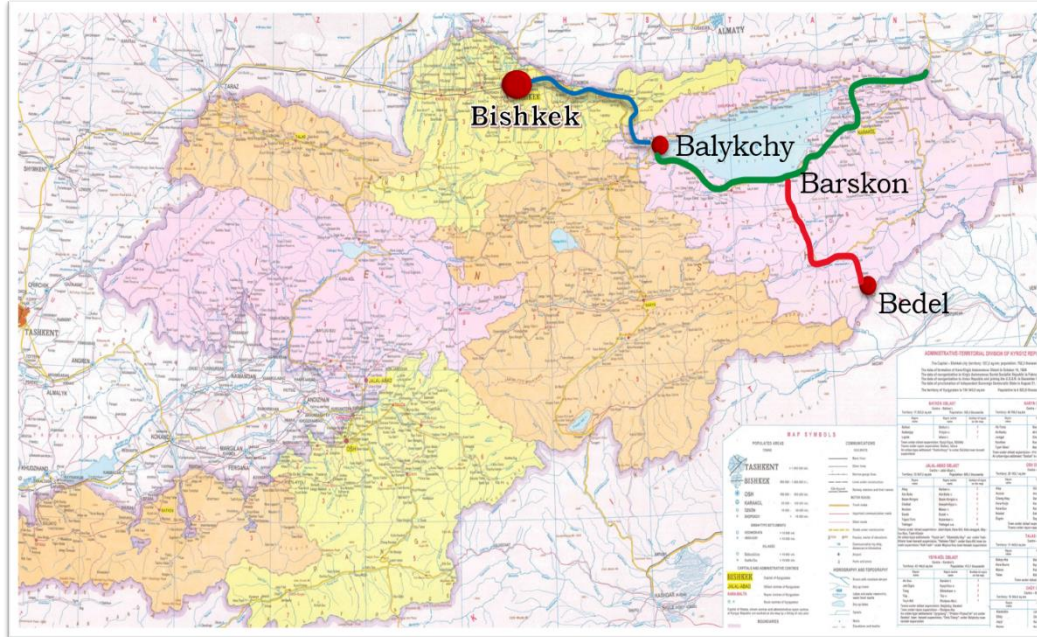
2. Electrification of Lugovaya-Balykchy rail line



- Length is 323 km;
- Implementation period 5 years;
- Modernization of the existing track infrastructure;
- Updating of signaling system;
- Purchase of electric locomotives;
- Modernization of locomotive depots.
- Reducing carbon dioxide (CO₂) emissions and other pollutants
- Improving energy efficiency
- Improving air quality in the settlements adjacent to the railway section
- Increasing the stability and safety of the transport system
- Reducing environmental impact



3. The Barskon–Bedel–Uchturfan highway project



Goal: Establish a new transport corridor between China and Kyrgyzstan (Aksu – Bedel – Issyk-Kul – Bishkek).

Strategic Importance: Strengthening trade connections within the Belt and Road Initiative and connecting to international corridors.

Impact: Facilitating regional economic integration and promoting global trade.



Other Potential Projects

The "Improvement of the Kara-Balta-Chaldovar Road" Project



Construction of the Balykchy - Karakol Railway Line





**THANK YOU FOR
YOUR ATTENTION**

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Deputy Foreign Minister,
Armenia

Moderation:

Michael Harms, Executive Director, German Eastern Business Association

COFFEE BREAK

11.30 A. M. – 12.00 P. M.

PORT AND LOGISTICS

Panel Discussion

Dr. Taleh Ziyadov
CEO

Port of Baku

Friedrich Stuhmann
CCO

HPA Hamburg Port
Authority

Ainur Dingaliyeva
Leading specialist

Port of Aktau

Boris Balev
CEO

BMF Port Burgas AD

Moderation:

Frank Busse, Partner, Hamburg Port Consulting GmbH

INFRASTRUCTURE DEVELOPMENT: PROJECTS AND FINANCING

Panel Discussion

**Thomas
Baum**

Head of Division
Underwriting &
Risk Management

Euler Hermes AG

**Ekaterina
Galitsyna**

Director, Head of
Eastern Europe,
Central Asia and
South Caucasus

KfW IPEX Bank
GmbH

**Wolfgang
Meier**

President/CEO

Silk Way West
Airlines

**Stephanie
Meier-Sydow**

Director Sales
CIS Countries
and Turkey

Jebsen & Jessen
Industrial
Solutions GmbH

**Bekzod
Kholmatov**

Director of the
Research Center
for Transport and
Logistics

Ministry of
Transport of
Uzbekistan

Moderation:

Heinrich Kerstgens, Corporate Representative, Director Board Projects, Rhenus Logistics

NETWORKING LUNCH

THANK YOU VERY MUCH!