



CAREC Chai VI

Enhancing the Middle Transport Corridor: Unlocking Opportunities in the Heart of Eurasia

SWOT analysis of the Middle Transport Corridor and Policy Recommendations

Presenter

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December 2023



Summary

The Middle Corridor: A Strategic Trade Route Linking Europe and Asia. With a capacity of 6 million tons (80,000 TEU), the Middle Corridor currently handles only 3-5% (1.5 million tons or 33,600 TEU in 2022) of the volume of the Northern Corridor, and experts estimate a potential expansion of the corridor to 15%. The corridor's capacity is expected to reach 10 million tons by 2025.

Key Contributors:

- Comprehensive reports and research from international organizations like ADB, ADBI, EBRD, UNECE, CAREC Institute, "Trains-Caspian International Transport Route" Association, and etc.
- Valuable academic insights gleaned from research papers, articles, and even public opinions gleaned from social media.
- In-depth analysis through relevant workshops and webinars organized by CAREC Institute, ADBI, and Kazakh-German University, bringing together top experts for a multifaceted understanding.

Informed Decision-Making:

- This presentation translates insights into actionable policy recommendations for implementing optimization measures.

SWOT Analysis of the Middle Transport Corridor

Strengths



**SIGNIFICANT
TRANSIT
CAPACITY AND
POTENTIAL FOR
INCREASING**



**EFFICIENT
TRANSIT TIME**



**STRONG
GOVERNMENT
COMMITMENT AND
PARTNERSHIP**



**GEOPOLITICAL
SIGNIFICANCE**



**UNIFIED RAILWAY
OPERATOR**



**E-TIR
IMPLEMENTATION**



**COST-EFFECTIVE
TRANSPORTATION**

Weaknesses

Hard Infrastructure Limitations

A. Specific Infrastructure Deficits:

- **Container Shortage:** Struggling to secure an adequate number of containers, particularly for small-volume or one-time shipments.
- **Diverse Railway Gauges:** The inconsistency in railway gauges across countries necessitates frequent changes of wagons, leading to increased costs and delays.
- **Caspian Sea Crossing Constraints:** Port capacity limitations, inadequate terminal facilities, and unreliable ferry services contribute to congestion and delays.
- **Undeveloped Road Infrastructure:** Restricted road connections to ports in Kazakhstan hinder efficient transit of goods.

B. Investor Attraction Challenges:

- **Absence of a Unified Operators:** Absence of a single entity managing and coordinating the corridor hinders efficiency and investment attraction.
- **Risk Mitigation:** Lack of comprehensive insurance schemes and mechanisms to mitigate specific risks (e.g., political instability) discourages investors.
- **Transparency Concerns:** Limited transparency in procurement processes and overall operations deters potential investors.

Weaknesses

Soft Infrastructure Limitations

A. Data Exchange and Communication:

- **Lack of Harmonized Systems:** The absence of a unified document and data exchange system among participating countries creates obstacles to collaboration, prolongs processing times, and results in delays and inconsistencies.
- **E-CMR Protocol Delay:** The delayed ratification by Azerbaijan, Kazakhstan, and Georgia poses a barrier to smooth cross-border transport, necessitating urgent action.

B. Regulatory Incoherence:

- **Inequitable Customs Procedures and Tariffs:** Discrepancies in regulations and tariff-setting mechanisms among countries introduce uncertainty and complexity for businesses.
- **SPS Measures and Transport Regulations Disparities:** Varied regulations concerning sanitary and phytosanitary measures and transport procedures impede the smooth flow of cargo.
- **Ineffective Trade Facilitation Measures:** Limited adoption of trade facilitation measures, including electronic documentation and single window systems, hampers the efficiency of cross-border procedures.
- **Unequal Infrastructure Access:** Small and mid-sized private companies encounter difficulties in collaborating with dominant port and rail operators.

C. Operational Inefficiencies:

- **Absence of Regular Container Train Schedules:** The lack of reliable and consistent schedules poses a challenge to consolidating and transporting smaller shipments, diminishing the corridor's appeal for forwarders.
- **Limited Track-and-Trace Systems:** The restricted adoption of track-and-trace platforms or systems diminishes visibility and transparency in monitoring cargo movement.
- **Delayed Digital Document Exchange:** The slow adoption of digital document exchange systems contributes to customs clearance delays and increases administrative burdens.
- **Interoperability Challenges:** lack of seamless integration and coordination between different infrastructure components, such as ports, railways, and roads

Weaknesses

Soft Infrastructure Limitations (Cont'd)

D. Decarbonization Concerns:

- **Multimodal Nature:** The use of various transportation modes increases CO2 emissions compared to more direct routes.
- **Lack of Green Technologies:** Limited adoption of green technologies and sustainable practices hinders the corridor's decarbonization efforts.

SWOT Analysis of the Middle Transport Corridor

Opportunities



1. Diversifying Trade Routes and
Enhancing National Security

Geopolitical Advantages
Governmental Commitment



2. Transitioning to Economic
Resilience

Regional Production Networks
Economic Zones



3. Increasing Efficiency and
Reducing Costs

Joint Logistics Company
Dry Bulk Infrastructure Expansion



4. Expanding Strategic Resource
Transport

Critical Resource Hub
Trade Volume Growth



5. Attracting Investment and
Promoting Sustainability

Magnet for Investment
Green Technologies



6. Facilitating Regional and
Global Integration

Regional Integration Engine
Harmonization and Digitalization

SWOT Analysis of the Middle Transport Corridor



Threats

Delays & Inefficiencies

Established Competition

Fragmented Approach & Geopolitical Uncertainties

Technological Disruption & Skilled Labor Shortages

Intracity Transportation Challenges & Infrastructure Obstacles

Policy recommendations





THANK YOU

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