# From Disinterest to Strategic Priority: China’s Changing Approach to the Middle Corridor

Since 2022, the Trans-Caspian International Transport Route (TCITP), or Middle Corridor, has gained significant traction as an alternative trade route between the European Union (EU) and China, particularly in response to shifting geopolitical dynamics. The Middle Corridor is a multimodal land and sea transport route that connects China with Europe by utilizing a combination of rail and sea transport. It stretches from China’s western border through Kazakhstan, across the Caspian Sea via Azerbaijan and Georgia, then through Türkiye, and into the EU.

Amid the ongoing crisis in the Red Sea and the Russia-Ukraine war, the Middle Corridor has emerged as a stable route for China. The Middle Corridor was officially launched in 2013 through multilateral cooperation involving Azerbaijan, Georgia, Kazakhstan, and Türkiye. Its primary aim was to enhance East-West trade connectivity and facilitate the interaction of member countries with key economic hubs such as the EU and China.[1]

Despite the completion of critical infrastructure projects—such as the Trans-Kazakhstan railway in 2014 and the Baku-Tbilisi-Kars (BTK) railway in 2017,[2] which significantly strengthened the corridor’s hard infrastructure—China’s engagement with the Middle Corridor remained minimal during this period.[3] Beijing’s perception of the Middle Corridor can be divided into two phases: the first from 2013 to 2022, and the second from 2022 to the present.

### 1. 013 to 2022: Limited Engagement and Strategic Hesitation

China’s limited involvement in the Middle Corridor can be attributed to a combination of political, security, economic, and technical factors. Regarding political reasons, the Middle Corridor emerged as an alternative yet complementary route to the Northern Corridor through Russia, but China’s deepening relations with Russia post-2014 made proactive engagement with the Middle Corridor potentially risky. Moscow might have viewed such involvement as unfriendly, particularly given China’s rapid economic expansion into Central Asia and the South Caucasus since the 2000s—regions Russia considers within its sphere of influence. Consequently, in the context of growing Sino-Russian relations, Beijing chose to avoid emphasizing the Middle Corridor.[4]

Additionally, the EU’s preference for using the Northern Corridor for trade with China further dissuaded Beijing from promoting the Middle Corridor. Before 2022, around 90% of EU-China land-based trade passed through the Northern Corridor via Russia.[5] The combination of strengthened ties with Russia and the EU’s preference for the Northern Corridor created strong political and strategic reasons for China to focus on the Northern Corridor, rather than the Middle Corridor, for land-based trade between the EU and China.

China’s limited engagement with the Middle Corridor was further influenced by security concerns and economic factors. The volatile situation in the Nagorno-Karabakh region, marked by a fragile ceasefire between Azerbaijan and Armenia, made the area risky for transport corridors. This conflictual situation and the potential for heightened tensions reduced the route’s reliability, discouraging involvement and investment from Chinese companies.

Economic considerations also played a crucial role in China’s reluctance to fully embrace the Middle Corridor. Despite the development of critical infrastructure like the BTK railway, the cost of using the Middle Corridor remained significantly higher compared to the Northern Corridor. Sending cargo through the Middle Corridor costs between US$3,500 and US$4,500 per forty-foot equivalent unit (FEU),[6] with some estimates reaching US$5,000 per twenty-foot equivalent unit for the Urumqi-Aktau-Baku-Poti-Constanta-Burgas-EU route.[7]

In contrast, the Northern route through Kazakhstan, Russia, and Belarus to the EU costs only US$2,800 to US$3,200 per FEU.[8] This substantial cost difference acted as a major disincentive for Chinese companies. Moreover, the absence of subsidies from Chinese provinces and limited investment from the EU for infrastructure development in corridor countries further reduced opportunities to lower cargo transportation costs between China and the EU.

The technical challenges associated with the Middle Corridor played a critical role in reducing its attractiveness to Beijing. Unlike the Northern Corridor, which offers a single transport modality (primarily railway) with minimal border crossings, the Middle Corridor is a multi-modal transport route involving both land and sea travel. This complexity inherently increases cargo transit times and complicates logistics.

Hard infrastructure issues further compounded these challenges. Congestion at Caspian and Black Sea ports caused significant delays, introducing uncertainty in cargo arrival times—a critical factor for companies managing supply chains. The imbalance between rail capacities and insufficient ferry and port services on both sides of the Caspian Sea exacerbated traffic issues and delays.[9]

Soft infrastructure deficiencies also hindered efficient transportation along the Middle Corridor. The lack of unified regulations, technical standards, and digitalization resulted in unpredictable transit times and extended waiting periods at checkpoints. Moreover, the absence of coordinated tariffs for pricing increased transportation costs and made it difficult for freight forwarders to plan budgets effectively. These soft infrastructure challenges, combined with the hard infrastructure issues and the inherent complexities of multi-modal transport, significantly reduced the Middle Corridor's efficiency and reliability compared to the Northern Corridor.[10]

These technical hurdles, alongside the previously mentioned political, security, and economic factors, collectively diminished the Middle Corridor's appeal to China, explaining Beijing's limited involvement in and emphasis on this route between 2013 and 2022.

**2. 2022 to Present: Emerging Strategic Focus on the Middle Corridor**

The geopolitical shifts that unfolded after 2022 significantly elevated the strategic importance of the Middle Corridor for China. The disruption of global supply chains, primarily due to international conflicts, coupled with the growing significance of the Middle Corridor for land-based trade between the EU and China, prompted Beijing to adopt a more proactive approach in its engagement with countries along this route.

China has increased its involvement with these nations both bilaterally and on a multilateral level. Bilaterally, China and Kazakhstan signed agreements on developing the Middle Corridor during the China-Central Asia summit in May 2023.[11] Later, during the official visit of President Kassym-Jomart Tokayev to China in October 2024, the two countries further solidified their cooperation by signing a new agreement to enhance the Trans-Caspian International Transport Route, focusing on China-Europe container trains.[12] In May 2024, Kazakhstan's parliament ratified two agreements with China, aimed at improving the use of road, rail, and sea transport and creating favorable conditions for goods transit. These agreements also support the development of logistics centers to attract additional transit volumes along the route.[13]

Beyond Kazakhstan, China signed a new agreement with Georgia to jointly enhance the Middle Corridor, focusing on attracting more cargo, optimizing routes, improving infrastructure, and enhancing transport services.[14] Additionally, China established a strategic partnership with Azerbaijan during the Shanghai Cooperation Organization (SCO) Summit in July 2024, where it expressed its readiness to actively participate in the development and utilization of the Trans-Caspian Middle Corridor and strengthen cooperation with Azerbaijan.[15]

In addition to strengthening bilateral relations, Beijing has also expanded its engagement at a multilateral level. Notably, China's formal involvement in the Middle Corridor Multimodal Joint Venture established by Kazakhstan, Azerbaijan and Georgia through the China Railway Container Transport Corporation (CRTC) signals Beijing's intention to diversify its transport routes and mitigate geopolitical risks.[16]

China's efforts go beyond agreements and statements, encompassing tangible projects to boost the corridor's development. A significant example is Georgia's announcement that a Chinese group is the sole bidder for constructing a large deep-sea port in Anaklia on the Black Sea coast, highlighting China's growing interest in the Middle Corridor. With an annual capacity of 50 million tons and 2 million TEUs, Anaklia port, strategically located along the western Black Sea, will help alleviate congestion issues and expand the corridor's transit capacity in the long term.[17]

Moreover, China and Kazakhstan signed an agreement to build the Tacheng-Ayagoz railway line and establish a third railway checkpoint between the two countries.[18] This new railway line is expected to increase annual rail freight capacity between China and Kazakhstan from 28 million tons to approximately 48 million tons.[19] The new checkpoint will also ease pressure on the Dostyk-Alashankou and Altynkol-Khorgos crossings, reducing transit times in the long term. Additionally, Kazakhstan Temir Zholy and Lianyungang Port Group agreed to jointly invest in a container hub at the port of Aktau on Kazakhstan's Caspian coast, which will boost the port's handling capacity and further alleviate congestion.[20]

These developments reflect China's deepening engagement with Middle Corridor countries and underscore the route's growing strategic importance for Beijing. Several factors contribute to the increased importance of the Middle Corridor for China, primarily related to geopolitical shifts, security concerns, economic considerations, and infrastructural improvements along the corridor.

The geopolitical developments in the international system have positioned the Middle Corridor as a stable alternative for EU-China trade. Sanctions imposed on Russia following the Russia-Ukraine war have led to the exit of EU companies from Russia and made transportation via the Northern Corridor more challenging. Restrictions on insurance for shipments, sanctions on Russia's banking sector, and growing uncertainty in Russia's domestic policy have further deterred foreign companies from using this route.

For instance, Zyxel Communications Corp.'s decision to halt rail shipments from China to Europe and BMW and Audi's suspension of car shipments by rail from Germany to China, reflect how international businesses are recalibrating their supply chains.[21] As a result, transit container traffic along the Northern Corridor (particularly the Central Eurasian Corridor, which runs from China through Kazakhstan, Russia, and Belarus) has plummeted—from 90% in 2021 to 62% in 2022, and to just 33% in 2023.[22]

Considering these developments, the Middle Corridor attracted the attention of major global shipping companies such as MSC (Italian-Swiss), Maersk (Denmark), CMA CGM (France), COSCO (China), and ZIM (Israel). These companies are launching new services along the Middle Corridor, primarily through Georgia's port of Poti.[23]

In addition to growing barriers in the Northern Corridor, disruptions in traditional maritime routes caused by Houthi attacks on both commercial and military ships in the Red Sea have further complicated global shipping for Chinese companies. These disruptions have forced about 90% of the usual container capacity transiting through the Red Sea and Suez Canal to be rerouted around the Cape of Good Hope, South Africa, adding up to 10 extra days of transit time for shipments from East Asia to Europe.[24] Against the backdrop of sanctions on countries like Iran and Russia, along with disruptions in both the Northern and maritime routes, the Middle Corridor has emerged as the most stable and reliable route for China and its companies. Consequently, transportation volume via the Middle Corridor surged from 784,000 tons to 2,764,000 tons in 2023.[25]

Geopolitical developments aside, the resolution of the Nagorno-Karabakh conflict has also contributed to a more stable environment in the South Caucasus, enhancing the security and reliability of the Middle Corridor for Chinese companies. Ongoing peace talks between Armenia and Azerbaijan are expected to promote long-term regional stability, further solidifying the corridor's importance.

Additionally, the reduction in the cost of shipping via the Middle Corridor has been a key factor in attracting Chinese companies. For instance, tariff rates for transporting cargo via the Middle Corridor have dropped from US$4,500 per FEU in 2020 to a range of US$2,500 to US$3,250 in 2024.[26] Although the Northern Corridor remains cheaper at US$2,599 eastbound and US$3,121 westbound per FEU, the slight reduction in tariffs on the Middle Corridor, combined with the uncertainties surrounding the Northern route, offers a comparative advantage for businesses looking for more reliable options.[27]

Finally, regional countries' active investments in addressing both hard and soft infrastructure challenges have enabled the optimization of the Middle Corridor, attracting China and its companies. One significant development in hard infrastructure is the 2024 completion of the BTK railway modernization, which has increased its handling capacity from 1 to 5 million tons of cargo per year.[28] Furthermore, the joint investment by Kazakhstan and Georgia in a new multimodal terminal at the Port of Poti, boosting its capacity to 450,000 TEUs annually, is another critical project that addresses bottleneck issues and enhances port traffic capacity.[29]

On the soft infrastructure side, the establishment of the Middle Corridor Multimodal Joint Venture by Azerbaijan, Kazakhstan, and Georgia is a key development. This initiative offers services on a one-stop-shop basis, guarantees delivery times, and promotes a coordinated approach to developing multimodal services on the China-Europe/Türkiye-China route.[30]

In addition to the investments made by corridor countries, the increasing involvement of Western countries in the development of the corridor is another factor attracting China's engagement. For example, the European Bank for Reconstruction and Development (EBRD) announced a US$103.7 million investment in Kazakhstan Temir Zholy's bond issuance, aimed at strengthening the nation's railway operator's financial and operational resilience while modernizing alternative freight routes between Asia and Europe.[31] Also, at the Global Gateway Investors Forum for EU-Central Asia Transport Connectivity, European and international financial institutions committed €10 billion to support and invest in sustainable transport connectivity in Central Asia, underscoring the Middle Corridor's rising importance to the EU.[32]

The proactive investments by corridor countries, combined with the EU's growing engagement, are key drivers pushing China to engage more actively with the Middle

Corridor. These developments also reduce China's need to make additional infrastructure investments, allowing Chinese companies to benefit from modernized infrastructure along the route.

**Conclusion: China's Economic and Geopolitical Interests in the Middle Corridor**

China's evolving approach to the Middle Corridor represents a strategic shift in its Eurasian policy, driven by recent global events and changing geopolitical dynamics. The COVID-19 pandemic, the "Ever Given" crisis in the Suez Canal, and ongoing disruptions in the Northern Corridor and the Red Sea have underscored the risks of relying on single trade routes. In response, China has intensified its engagement with the Middle Corridor, viewing it as a stable alternative for sustainable trade with the EU. This route not only connects China to Northern and Southern European markets but also provides access to the Middle East through Türkiye. By diversifying its trade options, China aims to mitigate geopolitical risks and enhance its economic resilience in an increasingly unpredictable global landscape.

Moreover, China's active involvement in the Middle Corridor serves multiple strategic objectives beyond mere trade diversification. It allows Beijing to expand its economic influence across Central Asia and the Caucasus while delicately balancing its relationship with Russia. By investing in the corridor, China is helping regional countries reduce their dependence on Russian routes—a significant factor given that 80% of Uzbekistan's trade and a large portion of Kazakhstan's oil exports currently pass through Russian territory. This strategy not only strengthens China's economic leverage in the region but also positions it to play a more influential role in shaping Eurasian connectivity. However, the success of this approach depends on overcoming challenges such as infrastructure development, maintaining regional stability, and ensuring the route's economic viability. As the Middle Corridor develops, it has the potential to redraw the economic and geopolitical map of Eurasia, with far-reaching implications for global trade patterns and regional power dynamics.[33]

Source: Trend Research&Advisory

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