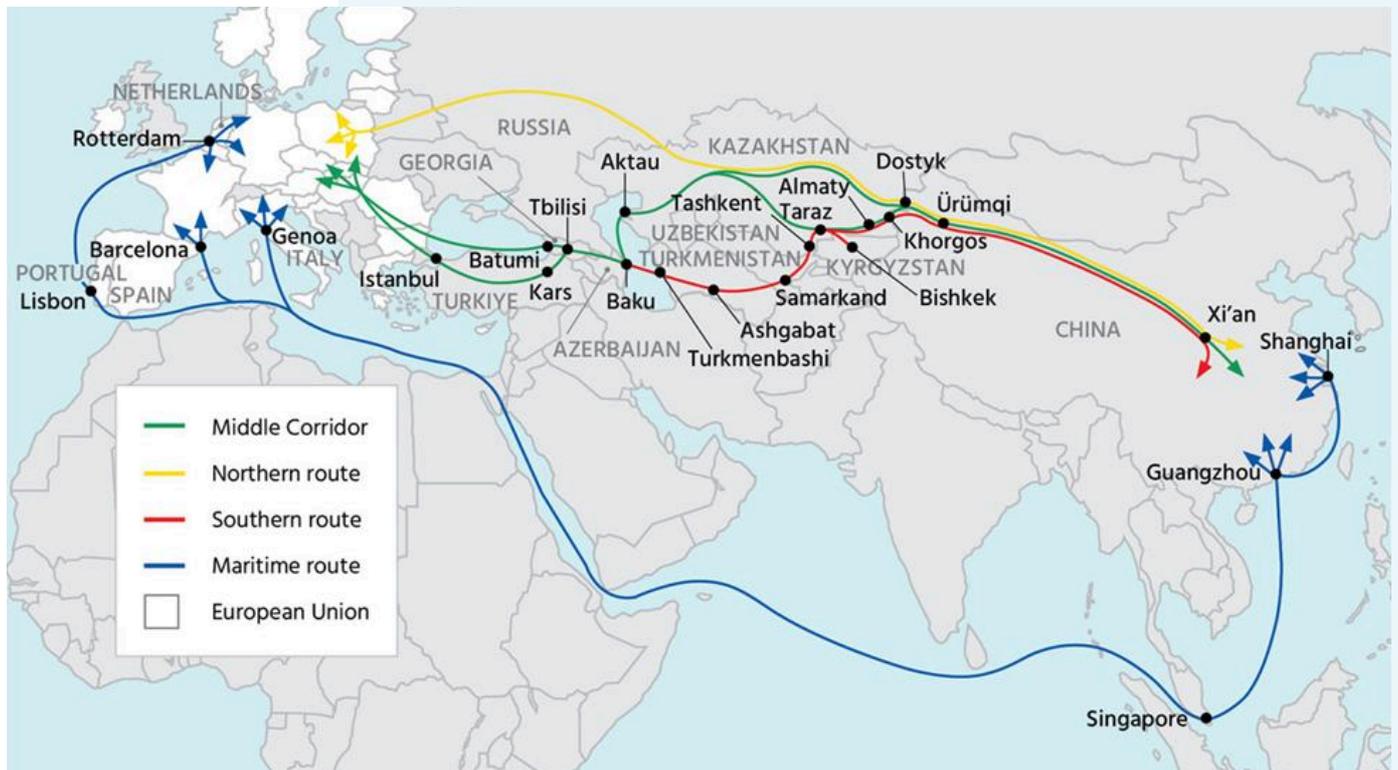


POLICY BRIEF

September 2025 | N° 5

Armenia in the Middle Corridor of Great Opportunities

The idea that “roads rule the world”, dating back to the first half of the previous century, has not lost its relevance today. The world’s major powers are fighting for resources, markets, and routes to reach these resources and markets. The Middle Corridor, or the Trans-Caspian International Transport Route, is one of such attractive routes, stretching from China to Europe. The possible southwards expansion of the corridor, and Armenia’s involvement in this process promise complex and multi-layered shifts in both political and economic relations, some of the economic aspects of which we will attempt to present in this policy brief.



South Caucasus on the World Trade Routes

Previously, when the Silk Road was a well-travelled trade route, Central Asia was a busy corridor of international trade. The launch of the sea route, arguably, isolated this region from world trade. According to 2021 data, [91% of the physical volume of China-Europe trade](#) was carried out by sea. The main alternative to the sea route is the Northern Route through Russia, which in 2019-2021 secured [more than 86% of China-Europe land trade](#).

Driven by the imperative of diversifying routes, the European Union (EU) initiated the Transport Corridor Europe-Caucasus-Asia (TRACECA) project in 1993. Two decades later, in 2013, an agreement was signed by the national railway companies of Azerbaijan, Georgia and Kazakh-

stan on the establishment of a Coordination Committee for the Development of the Middle Corridor. In 2022 the three countries were joined by Türkiye, and in November of the same year these four countries approved the 2022-2027 [Roadmap](#) for the Development of the Middle Corridor, which includes coordination and digitalization of transport processes, as well as infrastructure investments to increase the efficiency of the Middle Corridor. The World Bank, the EU, the European Bank for Reconstruction and Development, the Asian Development Bank and other partners have expressed their technical and financial support for this Roadmap.

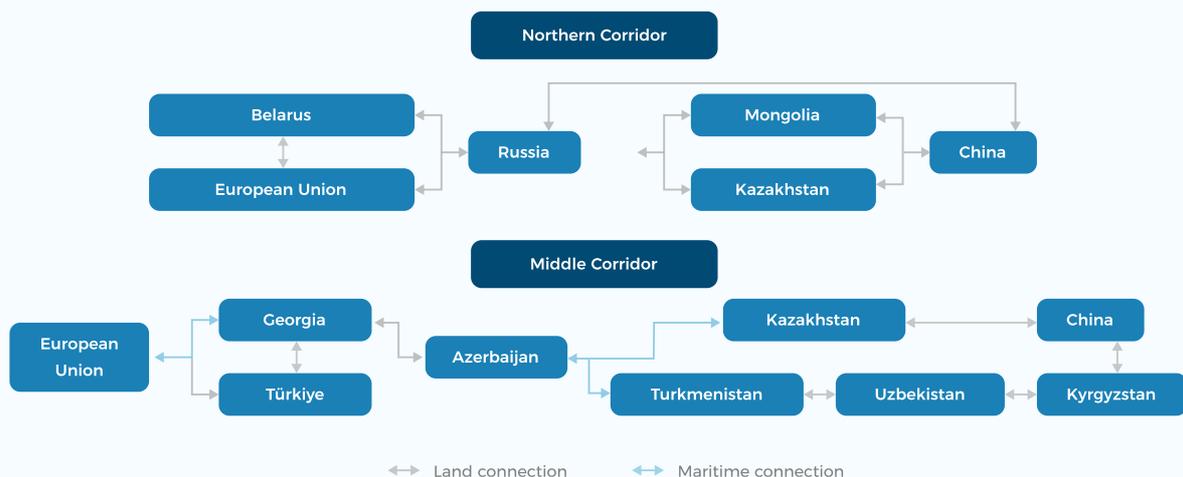
In 2019-2021, Northern route secured more than 86% of China-Europe land trade

The Middle Corridor as an Alternative to the Northern Corridor

The World Bank, the EU, the European Bank for Reconstruction and Development, the Asian Development Bank and other partners have expressed their technical and financial support for this Roadmap. It then reaches the

port of Baku via the Caspian Sea and continues by rail to Georgia, from where it exits to Europe either via the Black Sea or the Turkish railway, through the Baku-Tbilisi-Kars route.

Figure 1. Northern and Middle Corridor routes



The Middle Corridor, due to numerous border crossings, multimodal transport, and other difficulties, has traditionally been about 3 times slower than the Northern Route in terms of cargo transportation duration (in 2021, an average of 30-35 days).

The situation worsened after the outbreak of the Russo-Ukrainian war, when, due to a sharp increase in cargo flows, the duration of transportation rose to an average of 50-53 days.

The Growing Importance of the Middle Corridor

In recent years there has been a noticeable increase in interest in the Middle Corridor. Several reasons can be listed:

◆ Russo-Ukrainian war

The Northern Corridor through Russia has lost its transit capability due to EU sanctions and traffic restrictions.

◆ Vulnerabilities of the maritime route

In particular, the closure of the Suez Canal in 2021, Houthi attacks in the Red Sea, and other inconveniences made it difficult to rely on a single route.

◆ China's ambition

China aims to multiply trade to Europe, so there is a need for both a more dependable route and greater capacity.

◆ Integration of Central Asian countries into global value chains

Kazakhstan is already intensively integrated into global value chains by supplying grain, energy, and metal concentrates, while Uzbekistan's economic capabilities and export potential are growing, which in turn is additional cargo volume for the Middle Corridor.

◆ Regional cooperation

Kazakhstan, Azerbaijan, Georgia, and Türkiye, by investing in railways, ports, and customs harmonization, also aim to develop trade within the region (including the so-called "Turkish world").

Until 2022 the Middle Corridor was used very little, but after the last Russo-Ukrainian war the interest towards the corridor increased

Cargo Traffic Dynamics via the Middle Corridor

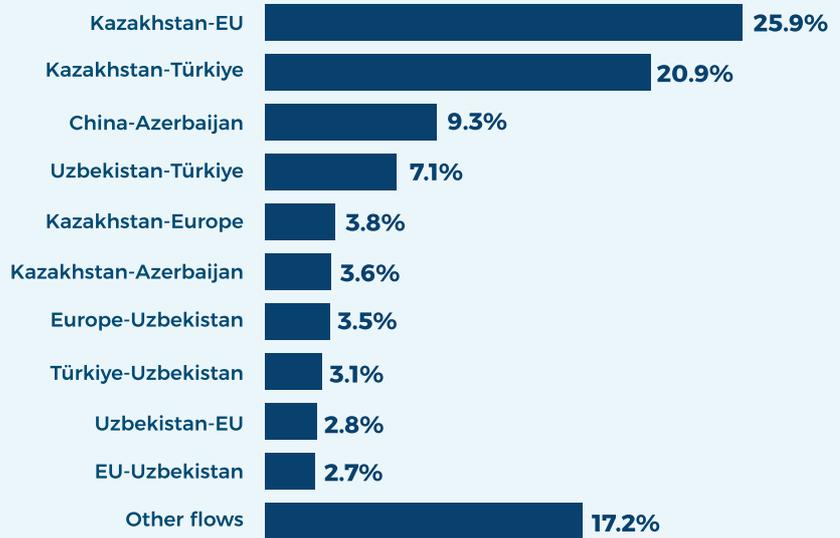
Until 2022, the Middle Corridor was used very little due to its relatively low attractiveness. In 2021 exports from Kazakhstan, Georgia, and Azerbaijan accounted for about 2/3 of cargo flows along the Corridor, with Kazakhstan being the absolute leader due to the size and structure of its economy.



Source: Transport Corridors

In 2022, the volume of container cargo traffic increased by unprecedented 33% compared to 2021

Figure 2. Structure of Cargo Flows via the Middle Corridor, 2021

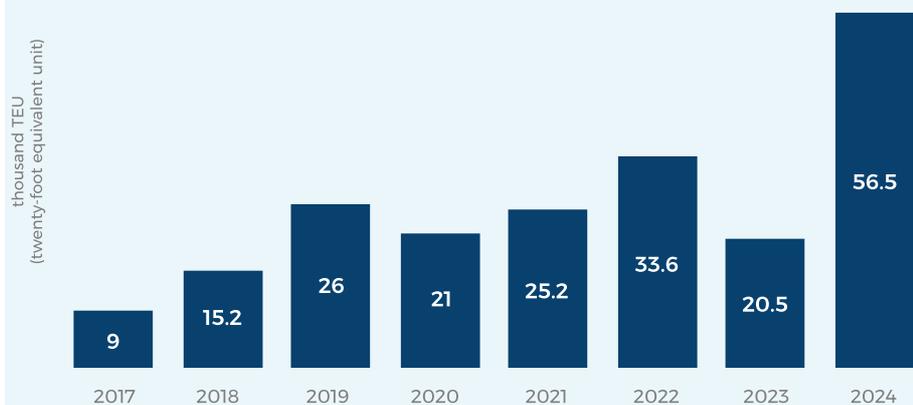


Source: World Bank, Middle Trade and Transport Corridor Report 2023

The Russo-Ukrainian war has dramatically changed the situation. In 2022 trade turnover between Kazakhstan and Georgia increased by 45% compared with the 2019-2021 average, and Azerbaijan's trade turnover grew by 72%, driven largely by re-exports to Russia.

2022 saw an unprecedented 33% increase in container cargo traffic volume compared with 2021; however, due to very long delays other routes were used the following year. As a result, in 2023 less container cargo was reported than in 2021, and compared to 2022 the decline was 39%.

Figure 3. Volume of Container Cargo Traffic via the Middle Corridor, 2017-2024

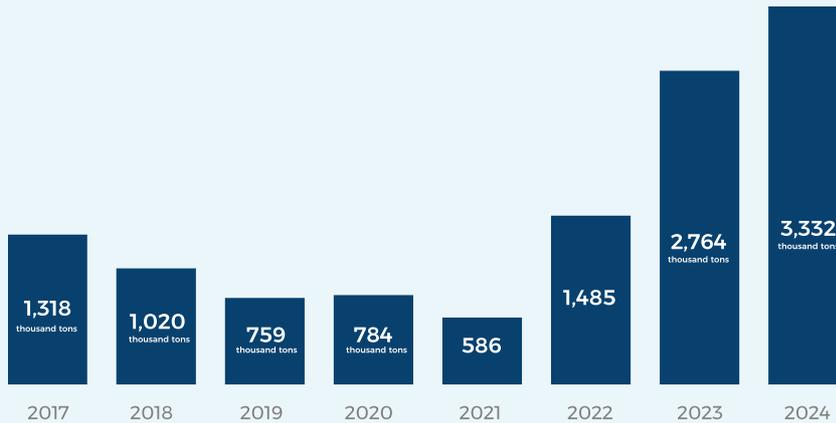


Source: International Trans-Caspian Route [website](#)

These fluctuations notwithstanding, the volume of total cargo transportation (container and non-container) in the period under review reported a sharp increase: in particular, in 2022 total cargo trans-

portation increased by 2.5 times compared with 2021, in 2024 – by about 5.7 times. The key items contributing to these dynamics were Kazakh cargoes, such as grain, wheat, metal concentrate, etc.

Figure 4. Total Volume of Cargo via the Middle Corridor, 2017-2024

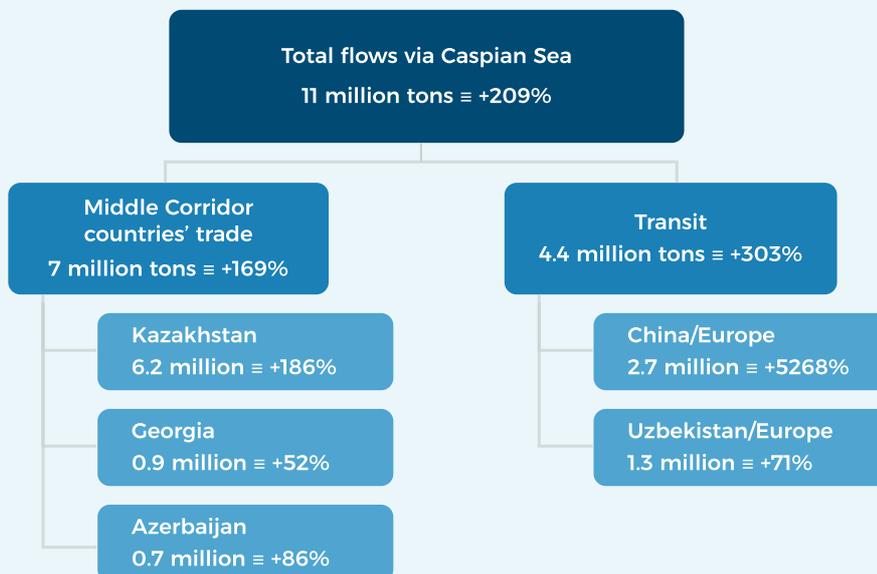


Source: International Trans-Caspian Route [website](#)

According to World Bank [study](#), by 2030 the volume of trade turnover via the Middle Corridor is projected to triple, reaching 11 million tons, of which 7 million tons is expected to fall on the corridor countries (Kaza-

khstan, Georgia, Azerbaijan), and 4.4 million tons on transit (European countries, China, Uzbekistan).

Figure 5. Structure of Projected Growth of Cargo Transportations by 2030, by sources



According to projections, trade turnover via the Middle Corridor will reach 11 million tons by 2030

Source: World Bank, Middle Trade and Transport Corridor Report 2023.
Notes: (1) ≅ means equivalent to percent increase from 2021 to 2030. (2) Europe includes Türkiye

The greatest growth is expected in the transportation of oil products, followed by non-ferrous and ferrous metals

The World Bank has also conducted a study of the structure of cargo transportation in 2021 and a comparison with the forecasts for 2030 by product group, which shows that the greatest growth is

expected in oil products – about 2.4 million tons, followed by non-ferrous metals – 0.6 million tons and ferrous metals – about 0.4 million tons.

Table 1. Actual and Projected Volumes of Cargo Transportation by commodity groups

Commodity groups	2021		2030	
	thous tons	%	thous tons	%
Cargo flows, thous tons of which:	3,688	100.0	11,385	100.0
Agricultural products (excluding grains)	166	4.5	240	2.1
Grains	159	4.3	476	4.2
Prepared foodstuff	89	2.4	135	1.2
Minerals	117	3.2	184	1.6
Ferrous and non-ferrous metal ores	3	0.1	6	0.1
Coal and coke	615	16.7	891	7.8
Oil and oil products	1,106	30.0	3,533	31.2
Fertilizers	50	1.4	286	2.5
Ferrous metals	372	10.1	943	8.3
Non-ferrous metals	175	4.7	597	5.2
Other containerized goods	836	22.7	4,097	35.8

Source: World Bank, Middle Trade and Transport Corridor Report 2023

Map 1. Time Breakdown for Middle Corridor Route in 2022 and Expected in 2030 (in days)



Source: World Bank, Middle Trade and Transport Corridor Report 2023

There are also predictions regarding the efficiency of the corridor; in particular, in 2021 cargo from China to the Romanian port of Constanța (via Dostyk) passed in about 37 days

whereas by 2030 this time is expected to decrease to 21.2 days.

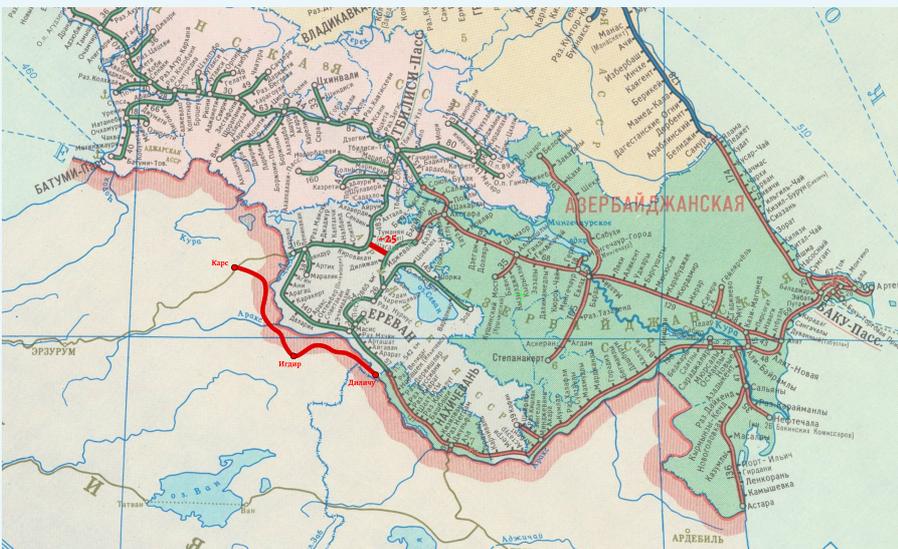
Why Armenia is Interesting to the Middle Corridor Players? The Economic Feasibility of the Alleged Armenian Section

Currently the railway route within the Middle Corridor lies along the direction of Baku-Tbilisi-Kars, which poses a number of technical limitations. In particular, the old railway on the [Akhalkalaki-Tbilisi](#) section is a single-track line, which significantly restricts capacity; furthermore, presence of steep slopes (up to 3.5%) around Akhalkalaki on the one hand limits the carrying capacity and speed of locomotives, on the other – accelerates the wear of brake systems during downhill travel.

Considering the current limitations and trade ambitions of the main and transit countries of the Middle Corridor, the capacity of the existing route might not be enough to meet the demand after a certain time; therefore, other conditions being equal, there is interest in involving Armenia in this land corridor.

It should be noted that the route under discussion – Baku-Horadiz-Meghri-Yeraskh-Akhurik-Kars (886 km) – is slightly longer than the Baku-Tbilisi-Kars route (829 km) and Baku-Horadiz-Meghri-Dilichu-Igdir-Kars route (832 km). The Baku-Aghstafa-Ijevan-Gyumri-Kars route is the shortest – about 680 km, but here there is a need to build a new line of about 25 km, connecting the Yerevan-Ijevan and Yerevan-Gyumri-Vanadzor lines. Additionally, it will be necessary to build sections bypassing landslide zones (e.g. near Haghartsin village) and repair the Armenia-Azerbaijan border sections.

Map 2. Map of USSR railways, 1991



Source: [Retro Map](#)

Note: what is marked in dark red has been added by the authors, and shows new routes

The Baku-Tbilisi-Kars railway route within the Middle Corridor has several technical limitations

The launch of the Meghri-Yeraskh-Akhurik-Kars railway requires USD 360.5 million

The roads connecting East to West, proposed within the framework of the "Crossroads of Peace" initiative of the Armenian government, in particular, the railway, could become a southern route expanding the opportunities of the Middle Corridor.

Within the framework of the feasibility study ordered by the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia and funded by the USAID, the financial costs

necessary for launch of the Meghri-Yeraskh-Akhurik-Kars railway and possible traffic along this route were estimated. In particular, the 43 km Nrnadzor-Agarak stretch of the Meghri section, 1 km stretch in the Yeraskh section and 6 km Gyumri-Akhurik section need repair. Total capital expenses for the repair of the approximately 50 km stretch are estimated at about USD 360.5 million. According to the study, the economic internal rate of return was estimated at 8.69%.

Map 3. The Roads Suggested by the "Crossroads of Peace" initiative



Source: "Crossroads of Peace" [initiative](#)

If the territory of Armenia is used for transit purposes only in the Meghri section, the economic benefits will be limited

In the event of launch of the railway annual cargo traffic is projected to reach 4.6 million tons by the early 2030s, and almost 10 million tons by 2050. Although the structure and geographic coverage of economic benefits were not identified in the results of the USAID-funded study, it can be assumed that if the territory of Armenia is used for transit purposes only in the Meghri section, the economic benefits will be quite limited. Based on previous [studies](#) and currently expected cargo flows (4.5 million tons), annual freight revenue for this section can be assumed to amount to around USD 10-15 million.

As is known, the Armenian Railway is under the concession management of the South Caucasus Railway Company. According to clause 2-1 of the [concession agreement](#) signed in 2008, the concession covers assets existing at that time; the Meghri section was dismantled in [2003](#) and is therefore not included in the agreement. At the same time, according to clause 2-9 of the agreement, the concessionaire is obliged to provide access to the railway network for other operators in accordance with the Armenian legislation, which makes the establishment of other operators in Armenia quite realistic.

The railway is an important part of the implementation of this project.

Examples from the International Experience of Transport Corridors

On August 8, 2025 the [memorandums](#) signed by the leaders of Armenia, Azerbaijan and the United States at the White House laid the foundations for the construction of the Trump Route for International Peace and Prosperity (TRIPP) in Syunik. Armenia retains its sovereignty over the corridor, but the exclusive right to the development of the corridor

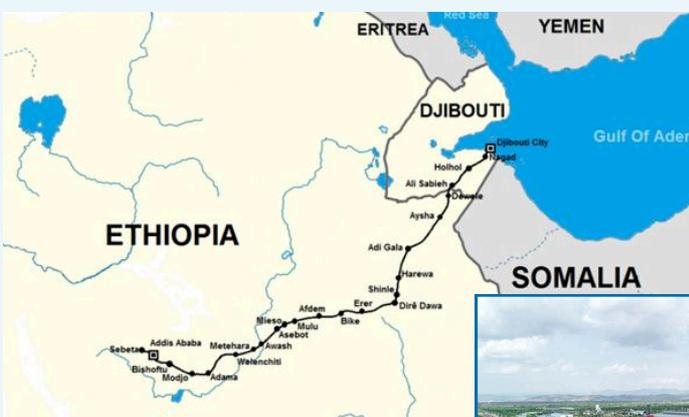
will be granted to an Armenian-American company ([according to comments of politicians](#)).

Transport corridors exist on almost all continents of the world, a notably great number of such corridors involving China.

An international example of management outsourcing while preserving sovereignty is the **Addis Ababa-Djibouti corridor**, which gives landlocked Ethiopia access to the port of Djibouti. Both the construction of the corridor (2011-2016) and the management of key railway operations after its launch (2018-2023) were outsourced to two Chinese companies with state-participation, China Railway Group and China Civil Engineering Construction Corporation. During these years, the Chinese companies trained local staff to manage the railway operations independently, and after 2023 fully transferred the management to Ethiopia. The African Railway Academy has been established by the Ethiopian National Railway Corporation to train railway engineers.

China's [investments](#) in this corridor were made as part of the Belt and Road Initiative. Ethiopia's share of the nearly USD 4 billion railway project was USD 3.4 billion, 70% of which was financed by loans from China's Exim Bank and 30% by the Ethiopian government. The remaining part of the railway, with cost of about USD 878 million, was financed by the government of Djibouti.

Map 4. Addis Ababa-Djibouti corridor



Source: Wikipedia



Source: Global Times

Transport corridors exist on almost all continents of the world, a notably great number of such corridors involving China

- ✓ Of the remaining alternatives, the most preferable route for Armenia is the Baku-Horadiz-Meghri-Yeraskh-Akhurik-Kars (886 km) line, the repair of which will require about USD 360 million, and about USD 50 million only for the Yeraskh-Akhurik section, which is incomparably less than the cost of constructing the Diliçu-Igdir-Kars line – USD 2.8 billion. In this regard, the main beneficiaries of the Middle Corridor – Central Asian countries, China and Europe, are becoming, out of their own economic interests, more interested in exploitation of the Baku-Horadiz-Meghri-Yeraskh-Akhurik-Kars line, which, other conditions being equal, will be more affordable than the Baku-Horadiz-Meghri-Diliçu-Igdir-Kars line, the section passing through the territory of Armenia being 257 km (otherwise, only 43 km).
- ✓ To maximize its economic interests, Armenia needs to pursue a proactive foreign policy, involving potential allies to convince Türkiye that the construction of the Diliçu-Igdir-Kars line is not economically feasible, or to obtain guarantees that operators will have the free right to choose between the Diliçu-Igdir-Kars or Yeraskh-Akhurik-Kars, and later also Baku-Aghstafa-Ijevan-Gyumri-Kars routes.
- ✓ Considering the interest of the United States in the southern route of the Middle Corridor and in influence on Türkiye, it is advisable to consider transferring the Yeraskh-Akhurik section to the TRIPP project development operator for concession management, which could provide railway (locomotive, wagon) operators with an equal possibility to choose between the Diliçu-Igdir-Kars or Yeraskh-Akhurik-Kars routes.
- ✓ Considering that Georgia does not charge state duties for rail transit (like highway tolls), and Armenia must be competitive (i.e., cannot impose a state duty), expected state revenues from freight transit will be quite limited, especially if the Yeraskh-Akhurik section (213 km) does not operate or has low load.
- ✓ Nevertheless, Armenia's de-blockade and integration into international trade routes creates new business opportunities for the country and reduces transportation costs for local exporters/importers, the study of which requires comprehensive research involving international and local consulting firms.