



TURKEY'S PROXIMITY TO TRANSPORT NETWORKS ITS PLACE IN THE MIDDLE CORRIDOR

Selçuk DURANLAR

selcukduranlar@trakya.edu.tr

ORCID ID [0000-0001-7743-5916](https://orcid.org/0000-0001-7743-5916)

*Trakya University, Edirne
Vocational School of Social Sciences,
TURKEY*

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Abstract: *In early 2020, one of the important consequences of the pandemic was the change in global supply chains. Another change is the attacks of the Houthis in Yemen on cargo ships in the Red Sea.*

In maritime transport, the Red Sea route carries about 15% of the world's maritime traffic. While it is a vital transport link between Europe and Asia, many companies have suspended the use of this route. Ships travelling around the southern tip of Africa add about 10 days to a typical container ship's journey, increasing costs, affecting spot prices and creating uncertainty in freight rates and schedules. This alternative causes delays to their customers. Not attacking Russian and Chinese ships that continue to use the Suez Canal has created a competitive advantage for these countries.

The Caspian Trans-Caspian East-West Middle Corridor (Middle Corridor), which starts from Turkey, goes through the Caucasus region, then across the Caspian Sea to Turkmenistan and Kazakhstan, then to Central Asia and China, constitutes one of the most important components of the project to revive the historical Silk Road. China's investment in the Belt and Road countries increased by 80 per cent in 2023 compared to 2022, and the investment in 2023 was approximately 50 billion dollars.

Starting from Turkey, the Central Corridor extends by rail and road links to Georgia, Azerbaijan and the Caspian Sea, respectively, and from there to China by following the route of Turkmenistan - Uzbekistan - Kyrgyzstan or Kazakhstan (using the Caspian passage). In this framework, the ports of Baku/Alat (Azerbaijan), Aktau/Kuryk (Kazakhstan) and Turkmenistan are used for combined transport in the Caspian Transit.

If the Central Corridor route is used effectively, Central Asian countries will be able to gain economic opportunities from the Europe-China trade traffic, which currently amounts to USD 600 billion annually. The Red Sea crisis may also support exports from the USA.

In this study, to what extent will the Central Corridor contribute to Turkey and the EU's supply chain if it is used effectively in transport? This has been investigated.

1. INTRODUCTION

The determination of alternative corridors and routes in world trade, global developments, geopolitical risks and political developments as well as climate change are expected to lead to the emergence of new routes. The stranding of ships in the Panama Canal due to drought and the disruption of trade caused millions of damages and the search for new trade routes started with the melting of the poles due to climate change.

Another important canal is the Suez Canal. This is one of the world's most popular trade routes and is also the fastest and shortest sea route between Asia and Europe (Atlantic and Indian Oceans via the Red Sea). This canal reduces the 24-day transit time to just 16 hours. This not only helps to get your cargo to its destination faster, but also helps to reduce transport emissions thanks to the shortened travel time (<https://lnkd.in/dMYuhV4Z>). In the continuation of the transformation that started in global supply chains with the Covid-19 pandemic, it was brought to the agenda due to the ship named 'The Ever Given' that ran aground in the Suez Canal in 2021.

After the 2022 Russia-Ukraine war, the process of change in the logistics map of the region we are in has accelerated. It has brought security problems in the Northern Corridor, the international transport and trade line north of the Black Sea, and the importance of the Central Corridor, on which Turkey is located, has increased even more. The danger of ships getting stuck in the Panama Canal due to the decrease in the water level due to the drought in the Panama Canal and the danger of disruptions in world trade caused the eyes to turn to alternative trade routes again. In October 2023, with the Israeli-Palestinian war that started in October 2023, the security crisis in the Red Sea region caused commercial ship transit through the Suez Canal to become problematic, and this route became less preferred by global shipping companies, and instead, they turned to the Cape of Good Hope.

2. RED SEA-SUEZ CANAL

Approximately 12 per cent of global trade is conducted through the Red Sea route via the Suez Canal, with more than 50 ships crossing the canal every day, carrying approximately USD 10 billion worth of goods to the Asian geography and the eastern coasts of Northern Europe, the Mediterranean and North America. The Red Sea is recognised as one of the most important sea routes in the world. According to some estimates, 15 per cent of global maritime trade passes through it, including almost a third of global container traffic. At a time when energy markets are already volatile, Red Sea maritime traffic includes 8 per cent of the global liquefied natural gas trade and 12 per cent of crude oil traded by sea. On average, US\$ 2.7 billion worth of commercial cargo passes through the Red Sea every day.

15 per cent of the world's maritime traffic passes through the Red Sea - Suez Canal - Mediterranean Sea as it is an important route connecting Asia to Europe and the USA. Shipping companies prefer the Bab-el-Mendeb Strait trade route, which is shorter and faster than the Cape of Good Hope route and serves as a strategic link between the Indian Ocean and the Mediterranean Sea via the Red Sea and the Suez Canal.

Yemen-based Houthi militant groups have been attacking cargo ships travelling through the Red Sea-Suez Canal route in response to Israeli attacks on the Gaza Strip. Due to these attacks, shipping companies use the Cape of Good Hope route, which is a longer route and takes about 14 days longer to reach Europe and the US, which increases the freight cost by about 20-30%. In addition, insurance costs have also increased as there is a danger of attack. Some ships are escorted by the Government, but in general shipping companies use the longer route via the Cape of Good Hope, which affects exports as the turnaround time increases by about 14 days. From 1 January 2024, a surcharge of \$300 to \$2,000 per container was introduced.

Rebel attacks have prevented commercial vessels from passing through the Red Sea, making them unable to pass through the Bab al-Mandab Strait, the entry/exit point, to the Suez Canal. This route carries 30 per cent of the worldwide container traffic.

Map:1 Red Sea Crisis



The alternative of rerouting via the Cape of Good Hope would mean the following: +12 days on average for shipments from Asia to Northern Europe (Rotterdam, Hamburg, Le Havre) and +18 days on average for shipments from Asia to Mediterranean ports (Istanbul, Valencia). Egypt relies on transit tolls for the use of the Suez Canal. Last year, these fees accounted for 2% of Egypt's GDP. In recent weeks, transit through the canal has decreased by 20 per cent.

The average traffic volume in the Suez Canal has dropped from 68 to 30 vessels. This could lead to a decline in Indian exports of about \$30 billion. Freight forwarders have been calling for a change in the railway system for shipping goods from China to Europe via Russia, due to the disruption of ocean routes caused by Houthi attacks in the Red Sea.

The events have led international logistics companies to search for new routes, and the Central Corridor route, which is located in the hinterland of Turkey and the Eastern Black Sea Region, has come to the fore as an alternative route. Starting from China, the route will pass through the Caspian Sea via Central Asia and the Turkic Republics or through the Russian Federation and then through Turkey using multimodal transport systems (maritime, road, railway). <https://www.ankasam.org/avrasya-stratejik-gorus-esi-kurucu-editoru-ben-goddard-bu-stratejik-girisim-orta-koridor-asya-ve-avrupa-arasindaki-ticareti-guclendirmeyi-amaclamaktadir/>

3. CENTRE AISLE

The competitiveness of the Northern Corridor has weakened due to war and pandemic. On the other hand, the Central Corridor, which is a multi-modal transport route, has been the centre of attention for some time. In fact, a positive trend was observed in the development of the Central Corridor after the Russia-Ukraine war. The Middle Corridor – the rising role in the context of geopolitical changes”, *Trend News Agency*, 22 Temmuz 2022, <https://en.trend.az/azerbaijan/politics/3619054.html>

The Middle Corridor, or the Caspian Trans-Caspian East-West Central Corridor Initiative, starts from Turkey and crosses the Caucasus region through Georgia, Azerbaijan and Central Asia to China. Turkey’s Multilateral Transportation Policy”, *Ministry of Foreign Affairs of Türkiye*, https://www.mfa.gov.tr/turkey_s-multilateral-transportation-policy.en.mfa

The Middle Corridor passes through Georgia, Azerbaijan and the Caspian Transit Corridor via railway and road connections. From there, it follows the Turkmenistan-Uzbekistan-Kyrgyzstan or Kazakhstan routes and reaches China. The Central Corridor route attaches importance to the ports of Baku (Azerbaijan), Aktau (Kazakhstan) and Turkmenbashi (Turkmenistan), which are the main points of transport of the Caspian Transit Corridor. The Central Corridor is an important initiative to re-establish the historic Silk Road. Mordechai Chaziza, “China’s New Silk Road Strategy and the Turkish Middle Corridor Vision”, *Routledge*, 2021, https://www.researchgate.net/profile/Mordechai-Chaziza/publication/310469804_Sino-Turkish_'Solid_Strategic_Partnership_Chinas_Dream_or_a_Reality'/links/60c74bd3299bf1949f589b32/Sino-Turkish-Solid-Strategic-Partnership-Chinas-Dream-or-a-Reality.pdf_p.4.

The Central Corridor promises benefits to many countries. It is designed to bring prosperity to the European Union, Central Asia, the Caucasus and Turkey, which are on China's export route. The corridor offers the countries of Central Asia and the South Caucasus opportunities to diversify their markets and attract investments from European companies. Eric K. Hontz, “The Middle Corridor: How Europe Can Transform Central Asia”, *The National Interest*, 10 Eylül 2022, <https://nationalinterest.org/blog/buzz/middle-corridor-how-europe-can-transform-central-asia-204674>

Map:2 Middle Corridor



https://www.mfa.gov.tr/turkey_s-multilateral-transportation-policy.en.mfa

The time and length of delivery of commercial goods through the Central Corridor is about 7 thousand kilometres and 10-15 days. The first test shipment on the corridor was made

on 28 July 2015 and the Nomad Express container train departing from Western China passed through Aktau Port and reached Baku within 6 days (Valiyev, 2016; Türk Devletleri Teşkilatı, 2015).

It is stated that the delivery time through the Middle Corridor can be reduced to 10 days. In the Northern Corridor, the total distance to be travelled increases to 10,000 kilometres and the arrival time to 15-20 days. On the sea route, the distance increases to 20,000 kilometres and the arrival time to 45-60 days. (Türkiye Ulaştırma ve Altyapı Bakanlığı, 2021). These data clearly show that the distance and therefore the time advantage of the Middle Corridor is very high.

In the coming years, there is a target of 100 block trains passing through the Central Corridor annually in the short term, 200 block trains in the medium term, and in the long term, 1,500 block trains, equivalent to 30% of the 5,000 block trains passing through the Northern Corridor annually, will be shifted to the Central Corridor. (Türkiye Ulaştırma ve Altyapı Bakanlığı, 2021; Pektaş, 2021; Türkiye Cumhuriyeti Devlet Demiryolları, 2020).

Making the most of the advantages of the Middle Corridor and shifting the targeted amount of cargo from the Northern Corridor to the Middle Corridor will help increase both trade volumes and various revenues such as customs duties of the route countries. For example, the 30% share targeted to shift from the Northern Corridor to the Central Corridor corresponds to 330,000 TEU based on 1.1 million TEU, which is the amount of cargo carried by the Northern Corridor in 2021. This figure is approximately 10 times higher than the amount carried by the Central Corridor in 2021, which is 33,267 TEU (Uluslararası Taşımacılık ve Lojistik Hizmet Üretenleri Derneği, 2022).

If connections with the Eastern Black Sea Region are also established, it will further increase the preference of this route by international logistics authorities. Instead of waiting for the year 2053, which is planned for the connection of the Eastern Black Sea Region to the railway network, connecting the Batumi railway of Georgia to the Port of Hopa with a railway axis of approximately 14 km, and then ensuring the connections of these connections to the Rize Port, Rize logistics centre and Trabzon port will increase the importance of Turkey and the Eastern Black Sea Region in international trade and transit trade many times over.

Geographically, the corridor is the shortest trade route between the west of China and the EU. Thus, the Middle Corridor contributes to cargo traffic in Asia as it can reach the Middle East, North Africa and the Mediterranean region from its ports in Turkey. (The Rebirth of the Middle Corridor”, *Caucasus Watch*, 22 Haziran 2022, <https://caucasuswatch.de/news/5559.html>)

CONCLUSION

For Europe, the cost of acquisition will increase in the near and long term. Lessons should be learnt from more than 10 years of anti-piracy operations as the international community seeks to establish maritime security in the Red Sea.

For the countries of the South Caucasus, the establishment of the Central Corridor seems to be an opportunity for economic recovery and diversification of business ties. In general, the countries in the South Caucasus will have better trade relations with Europe thanks to the development of the road network. Compared to the Northern Corridor, the Central Corridor is a much more economical and faster trade route as it is 2000 km shorter, offers better climatic conditions and reduces the travelling time by 15 days. Bu nedenlerle Kuzey Koridoru yerine Orta Koridoru kullanmak çok daha caziptir. Tüm bu gelişmeler, Türkiye olarak içinde bulunduğumuz bölgenin ticaret potansiyelini manipüle etmeyi amaçlayan uluslararası koridor savaşlarını da yeni boyutlara taşımaktadır.

The fact that the Middle Corridor has been providing uninterrupted rail transport since 2017 is considered as an important step in the development of infrastructure. Increasing the

number of flights in line with the demands from the countries of the Middle Corridor by further integrating air transport into land, rail and sea routes will also contribute to increasing the functionality of the Middle Corridor by paving the way for the strengthening of air transport.

It will positively affect the development of the Middle Corridor, which is foreseen to increase the cargo capacity of the Organisation of Turkic States to 10 million tonnes in 2025.

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