

Transport Corridors as a Geopolitical Instrument

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This paper was prepared for the 16th Asian Conference of the Valdai Discussion Club,
<https://valdaiclub.com/a/highlights/transport-corridors-as-a-geopolitical-instrument/>

DOI: 10.31278/1810-6374-2026-24-1-149-152

Although some see transport corridors as exploitable for geopolitical purposes, this results largely from a misconception of them—solely as collections of logistics infrastructure along the axes of socio-economic units. In fact, *transport corridors consist of infrastructure (which is indeed fundamental) but also of services and demand.*

A transport corridor's main purpose is to consolidate parallel freight flows—coordinated to utilize the same transport platforms in both directions (this is the corridor's service component)—along a single route, thereby reducing per-unit costs and achieving economies of scale. Note that: (a) rail and water are the only modes of transport that can provide significant economies of scale, and (b) multimodal/container shipping is needed for diverse cargo to be transported using the same infrastructure.

Recent crises and geopolitical tensions have demonstrated the risks of such extreme concentration, creating demand for diversification. Recently proposed overland Eurasian transport corridors are responses

to this demand. Together with the oceanic route, they constitute a multi-option system whose branches compete but also form a unified whole.

However, our transport corridor formula also includes the demand component. Which route will be chosen from this multi-option system?

Flow distribution is determined by a complex set of factors, but here let us look at the stakeholders that select routes in accordance with their varying interests. We tentatively distinguish three types of stakeholders:

(1) ***Transit countries***. For them, attracting traffic to their transport networks (a) grants economies of scale to their own domestic and foreign trade flows, and (b) generates new economic activity. The distributed production chains work like beads strung on a logistical thread: for transit countries, a corridor provides an influx of investment not only in transport and logistics infrastructure, but also in industry, energy, jobs, and further down the chain.

(2) ***Trading countries***, as mentioned above, currently seek to reduce risks by creating and maintaining a multiple-route system.

(3) ***Politically motivated entities*** seek to gain control over a transport corridor for geopolitical advantages.

But not everything that is discussed as a ‘corridor’ can be properly considered one per our definition. In Eurasia, only the following corridors really qualify as having the necessary combination of infrastructure, service, and demand:

(1) ***The Southern Sea Route***, from the Mediterranean through the Suez Canal and the Indian Ocean, accounts for about 90% of maritime trade between Asia and Europe.

(2) Two branches of the ***Eurasian Corridor***.

Besides these, there are three other potential corridors, with some components of the three-part definition that are missing or weak.

The ***Trans-Caspian Corridor*** is of greatest interest here, as it is most often described as a “geopolitical instrument.” It also well illustrates the discrepancy between ambitious expectations and reality.

The TCC is guaranteed demand by its necessity for trade between Europe, Turkiye, the Caucasus, Central Asia, and China. It is not a startup launched in response to the Russia-Ukraine conflict, but in

2013, with strong political support. It involves industry heavyweights like Dubai Port International and Singapore's PSA International. And in 2022, it activated a most-favored-nation regime.

Yet in 2024, the corridor handled a mere 35,000 standard (twenty-foot-equivalent) units of cargo—2.5% of the 1.4 million standard units that transit through Kazakhstan, and equal to just a single round trip by a large container ship. How is this possible?

A corridor, recall, requires service, demand, and—above all else—infrastructure. That of the TCC is not container-oriented. It involves multiple modal shifts and forks to national markets. These junctions require terminals, which are currently inadequate. The Caspian Sea has only one real container port—Turkmenbashi in Turkmenistan—and no container fleet.

As for service, the corridor until recently lacked an operator to provide the necessary conditions for services: standards, regulations, tariff policy, digitalization, and electronic document management. Instead, there was an International Association that itself comprised eight organizations from five countries, each with voting rights. There was much talk but little action. A single operator was finally established only in 2024.

As for the *International North-South Corridor (INSTC)*, its situation is even somewhat worse, as the potential trade along its axis is incomparable to trade with China. However, even if the INSTC fails to become a real corridor, it is very important:

- (1) for developing infrastructure and logistics services in southern Russia;
- (2) as a vertical axis bisecting East-West corridors;
- (3) supporting the flexibility and resilience of the multi-variant Eurasian transport network.

Finally, the *Trans-Arctic Corridor* is a completely different story. Although its volumes remain small, it is developing dynamically.

Do alternative corridors threaten Russian interests?

1. *Russia as a stakeholder in Group 2 (user of the transport corridor)*. As a trading country, Russia is about equal to China in its commerce with Central Asia and thus benefits from greater variety of trade routes servicing its trade.

2. *Russia as a stakeholder in Group 1 (transit country)*. Russia is also an investor in the Central Asian economies, and thus benefits from the growth of their logistics systems. As a transit country, Russia has reason to be concerned about competition, but competition is also beneficial or even necessary for service development. Even demand, paradoxically, may fall for routes on which there is too much dependence.

Russia's own trade with China, Central Asia, and the Middle East creates huge parallel cargo flows in both directions. These provide a competitive advantage to whatever route they take. Russia, therefore, has considerable influence on the system's configuration and on which of its components will survive in the long run.