

THE ZANGAZUR CORRIDOR AS THE NEW HAULAGE HUB FOR INTEGRATION AND COOPERATION IN SOUTH CAUCASUS

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Abstract

This paper examines the economic significance of the South Caucasus' Zangazur Corridor in terms of achieving long-term peace, connectivity and integration in the region, and boosting regional growth. It further claims that the Zangazur Corridor will aid future South Caucasus reconciliation and economic cooperation. Upon the signing of the declaration, the establishment of the Zangazur corridor became even more critical. The Zangazur Corridor will connect the Republic of Azerbaijan and the Nakhchivan Autonomous Republic via the Republic of Armenia's Meghri area. The route was important in regional and international railway and highway transportation between Azerbaijan, Armenia, Iran, Turkey, and Russia during the Soviet era. However, the conflict between Armenia and Azerbaijan disrupted transportation for thirty years. The transportation links will then be extended from China to Europe. The Zangazur Corridor will play a vital part in the construction of East-West and North-South haulage. Many countries will benefit from the restoration of railways and roadways in the future. Hence, the study discusses the prospect of utilizing the Zangezur corridor - which is specified in the tripartite agreement dated 10 November 2020 - and emphasizes its significance as a vital element of the international transport network.

Keywords

Azerbaijan, Armenia, Zangazur corridor, transportation link, regional haulage, economic cooperation

JEL Classification

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Introduction

On November 10, 2020, the Presidents of Azerbaijan, Russia, and Armenia signed a proclamation to end the Karabakh conflict and establish a ceasefire in the territory. This is the official declaration that ended the Second Karabakh War, which began on September 27, 2020 and lasted 44 days, recovering Azerbaijan's territorial integrity. The Republic of Armenia ensures the safety of transportation links between the western parts of the Republic of Azerbaijan and the Nakhchivan Autonomous Republic in order to facilitate the free movement of individuals, cars, and goods in both directions. The opening of the Zangazur corridor will create new prospects for the Turkic world, particularly the countries of the region. The opening of the corridor will expand the regional transportation network and strengthen economic relations among the region's countries. Furthermore, it will boost the region's position in international corridors such as the North-South and Central Corridors. With the opening of the Zangazur corridor, economic links will be strengthened while also contributing to regional security and peace. [1]

Azerbaijan has devoted itself entirely to the development of this corridor and the reactivation of transportation ties, believing that collaboration is the most effective means of achieving long-term peace in the region. The Zangazur corridor will provide a new artery to Eurasia's transportation network and will improve economic and trade links among regional countries. Turkey will gain a direct land link to Azerbaijan by using this corridor, enhancing bilateral commercial and tourism relations between the two countries. The Zangazur corridor, on the other hand, will act as a gateway to Central Asia for Turkey, allowing it to expand its commercial ties with the Turkic World. Turkey is also developing a new project to link Nakhchivan to Turkey via the Kars-Nakhchivan railway. The subsequent connection of this railway to the Zangazur Corridor will provide another push to bilateral commercial connections between Azerbaijan and Turkey. [3, 4]

Armenia also understands the value of collaboration in regional transportation and other communication projects. Armenia will have a railway connectivity with its ally Russia as well as neighboring Iran thanks to this route. This line will also connect Azerbaijan to Turkey and Central Asia to Europe. On February 15, President Ilham Aliyev dedicated the 100-kilometer Horadiz-Aghbend railway, which would run along the Azerbaijani-Iranian border up to the Armenian border and be part of the rail link connecting mainland Azerbaijan to Nakhchivan via the Zangazur corridor through Armenia. [2,1]

As a result, the official agreement made on November 10th to reopen the "Zangazur" corridor is an important breakthrough toward Azerbaijan's zeal of becoming a Eurasian transport center while also significantly contributing to regional economic growth. Furthermore, the establishment of the Zangazur corridor will surely strengthen the Caspian transport network, which already includes the "East-West" transport corridor and the North-South International Transport Corridor, as well as the oil and gas pipeline system that runs from the Caspian to Europe. The region's transit capability has been critical for the European Union (EU), the United States (US), Russia, and China. [5]

Analysis of the corridor as a prospective haulage hub

The Zangazur corridor, which facilitates the operation of a transport corridor connecting Europe and Asia and is of strategic importance to Russia and China, promises potential economic benefits to all countries in the region. The corridor, which is located on the historic Silk Road and aims to become a logistical hub between Europe and Asia, will strengthen Azerbaijan's position in the East-West and North-South transit routes. Azerbaijan has a financial and political stake in both transportation lines. The corridor all countries in the region, including Armenia, so that the completion of this corridor will add a new "hub" to the Eurasian transportation network. As an example of the favorable influence on regional trade and economic connections, Turkey will have direct access to Azerbaijan, one of its biggest economic partners. The Zangazur corridor, on the other hand, will act as a gateway for Turkey to Central Asia, allowing Ankara to expand commercial connections with the Turkic world. Turkey is also actively working on the Kars-Nakhchivan railway project connecting Azerbaijan via soil way to Nakhchivan. [6]

Picture 1. Map of Zangezur corridor



Source: TRT World

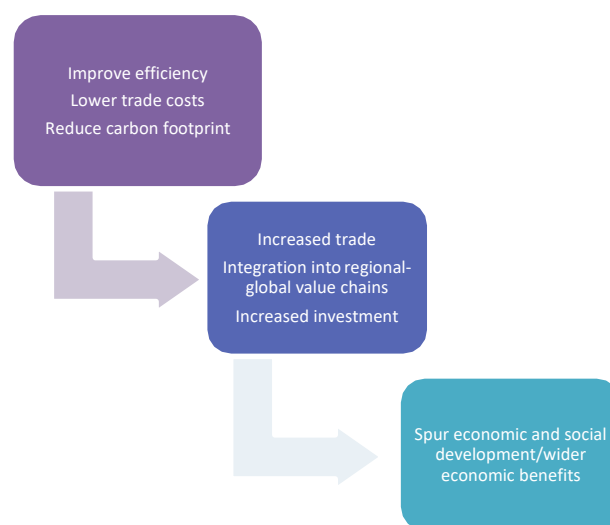
It is an overt fact that haulage corridors interconnect the supply and demand sides of markets, as they should be evaluated for more than just people and commodities transportation. They should be viewed as parts of wider economic networks, such as global and territorial value chains and production networks. According to Janic and Vleugel (2012), rail freight services are more beneficial to the environment than motor vehicles in moderate and far-flung markets. Rail freight services, on the other hand, are less competitively efficient. In today's current world, the top countries such as Switzerland and Japan prefer to the effective implementation of railway policy, as the development of railways depends on the socio-economic well-being of each country. One of the corridors that will suit these goals is the Zangazur corridor connecting East and West in the integration process, flows of capitals, goods, and services. According to Zamanli (2018), Turkey regards Nakhchivan and Zangazur as a crucial corridor linking Anatolia and Azerbaijan. [18]

Economic arteries are unified infrastructure that connect geographical or regional areas for particular financial objectives. Corridors provide critical connections between economic nodes or hubs. They share qualities such as regional integration and network connectivity. Regional integration immediately leads to economic development via energy, trade, tourism, and so on. Network connectivity bridges economic gaps, enhances trade flow, and reduces poverty and unemployment. Transportation and economic activity should not be considered separately. Transport and energy infrastructure require investment in areas where there is a backlog of projects to evolve. Financial corridors not only provide transit between regions and countries, but also improve infrastructure construction by establishing

industrial clusters, attracting investment and developing regional economies. Transport connects regions and economic activity, as well as people and the rest of the globe, and so provides value. It is made up of four main components: modes, infrastructures, networks, and flows, which are necessary for effective mobility to happen, but they additionally indicate that, notwithstanding considerable technological, social, and economic changes, geography remains a significant force determining transportation. All primary descriptive data acquired from various statistics, academic articles based on qualitative study were used for this paper. Data with a transport function has been correctly assessed. [7,8]

The given below figure 1, the establishment of road haulage lead to the regional development of nation-states at low-cost with advantageous possibilities such as delivery options, active mobility and integration, effective flows of capitals, goods, and services.

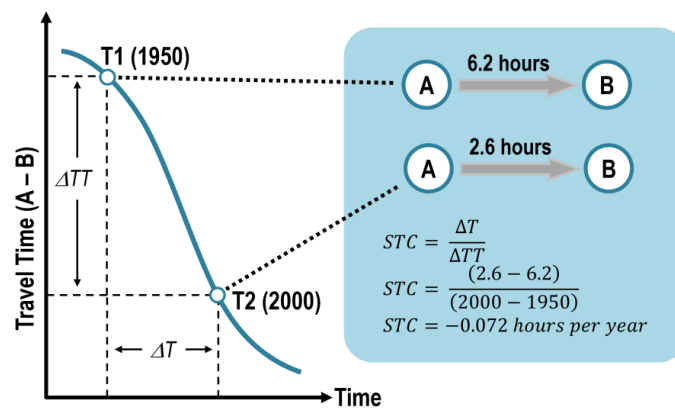
Figure 1. Benefits of transit corridors for the regional development



Source: UN Official website, UN report on transport issues.

The railway station is based on socio-economic development by saving time. The decrease in travel time between similar sites is referred to as space-time convergence (also known as space/time compression). This means that two sites can be reached in less time, which is usually the result of advancements in transportation and telecommunications. Distance-time divergence studies the shifting connection between space and time, as well as the effects of transportation advancements on this relationship. It is related to the concept of speed, which illustrates how much space can be traded for a certain amount of time. Travel time information for at least two sites and two time periods is necessary to quantify time and space convergence (STC). The variation in travel time (ΔT) is divided by the time period (ΔT) during which the process occurred; this is the slope of the curve. [9]

Figure 2. Space-time convergence formula assessing the variation in travel time and time period.



$$\text{STC} = \text{Space, time, convergence } \text{STC} = \frac{\Delta T}{\Delta TT} \quad [10]$$

Transportation is not strictly a science, but rather a field of application that draws ideas and methods from a wide range of disciplines. Transportation's specific function is to meet a demand for mobility because transportation can only exist if it moves passengers, freight, and information. It serves no other purpose. This is because transportation is primarily the result of derived demand; it occurs as a result of other activity. Distance, a key feature of transportation, can be represented in a variety of ways, ranging from a simple Euclidean distance - a straight line between two points - to what is known as logistical distance; the entire set of operations required to overcome distance. It is clear from the vehicle STC evaluation formula that Transportation's distinct objective is to transcend space, which is determined by a number of human and physical constraints such as distance, time, administrative divisions, and geography. They impose resistance to any movement when combined, which is generally referred to as the impact of length and in this regard, transit would be free of cost and time, with infinite capacity and geographical range. Resulting in the reduction of distance and time, lower costs and active regional trade the Zangazur corridor for peaceful purposes guarantees Azerbaijan and Armenia's stability for the foreseeable future. [1, 2, 11]

As a consequence, the corridor may lead to future Azerbaijani investment in Armenian infrastructure projects, as well as the expansion of cross-border economic linkages. In the long run, this will contribute to the two countries' long-term stability and regional collaboration. Moreover, the corridor could act as a figurative 'peace corridor' between Armenia and Azerbaijan, benefiting both countries. Economic projects that unite countries on the European continent, as demonstrated by the EU's experience, played a critical role in long-term peace and prosperity. The Zangazur corridor in the South Caucasus may perform a similar role, resulting in long-term peace between countries. [10]

Impacts of the corridor to Turkic World

Many similar goals and intentions exist in the Turkic World, including energy, economy, trade, investment, and culture. Years ago, there was talk of constructing corridors in the region where reciprocal advantages might be realized, investment would be appealing, and regional integration would be improved. Tourism and sports, according to the Kyrgyz side, are the key drivers of the country's development. They serve as the foundation for transit, new routes, and highways. Consequently, the establishment of a landlocked transport corridor will provide a link from China to Central Asia and beyond. Azerbaijani President Ilham Aliyev stated that Zangazur will now play the role of integrating the Turkic world since transportation, communication, and infrastructure projects

throughout Zangazur would integrate the entire Turkic world and generate extra chances for other nations, including Armenia. The Zangazur corridor is one of the most essential aspects of the signed contracts between Azerbaijan, Russia, and Armenia, and it benefits all regional countries, including Armenia. The corridor provides geographical and energy connectivity between East and West, according to the Kazakh government. With the New Silk Road Project and the Nurly Zhol National Program, Kazakhstan has taken this step. [12,13,14]

The Trans-Caspian International Transport Route, which has been in operation since February 2017, connects Southeast Asia and China, passing through Kazakhstan, the Caspian Sea, Azerbaijan, Georgia, and on to European countries. The route is a consolidating organization that represents the interests of a number of countries and corporations on the new Silk Road, which is now operational in the same manner as the historical Silk Road. Previously, 500 trips were made each year between Baku and Aktau ports. It has reached 8,000 trucks through this sector, a 1,300% increase since 2016. In general, the cargo sent from Baku to Aktau and Turkmenbashi ports increased by 23,000 TIR vehicles. The new corridor's advantages cannot be overlooked. The development of new tariffs between Azerbaijan and Georgia was one of the successes in energy transport. Based on the mentioned arguments, the Zangazur Corridor is a vital link for other Turkish World countries to benefit from the projects and programs mentioned. It will boost economic growth by connecting Turkic World countries, which have a nominal GDP of \$ 1.1 trillion, and will lead to sustainable development traffic in the region. The Zangazur Corridor, which will be built following the November 10 agreement, will benefit not only the country and neighboring countries, but also the region as a whole. [15,16] By lifting the region's blockade, the route to be built will secure long-term and stable peace. Even more important, Asian countries would be able to readily move goods to the West via water and then land via Zangazur corridor. Azerbaijan tends to use diplomatic routes and engage directly with the Armenian governance to highlight the economic and political benefits of the corridor. It can also make use of international organizations' meditation. Azerbaijan should avoid making public remarks that may cause confusion in Armenia's political and societal circles. The construction of the Zangazur corridor and the re-establishment of all forms of economic connections will boost the region's attractiveness to foreign investors. [17]

Despite the fact that various key energy and transportation projects have been implemented in the South Caucasus for many years, the Armenia-Azerbaijan war has had a negative impact on the business environment and has excluded Armenia from regional projects. There is a potential to strengthen Azerbaijani-Armenian relations and foster good neighborliness. The Zangazur corridor has the ability to connect the countries commercially and contribute to a lasting truce. Given the project's economic, geopolitical, and political magnitude, Azerbaijan's domestic resources as well as external donors can be used to fund the rehabilitation of the Zangazur corridor railway network via which Armenian blockage from international projects in South Caucasus will come to an end as a result of Karabakh conflict. The benefits that the countries located in this region will get after the project is realized show how important the Zangazur corridor is on a global scale. Also, the strong security system created by Azerbaijan in the region, which ensures the territorial integrity, will greatly help the energy supply, which has become the biggest problem in Europe. The hydrocarbon reserves of Azerbaijan and the energy resources of other countries that can be transferred through the Azerbaijani territory will be a great contribution to the energy security of Europe as a whole for decades to come.

Conclusion

The establishment of the Zangazur corridor is the most essential aspect of the agreed contracts between Azerbaijan, Russia, and Armenia in terms of cooperation and transportation, and it serves the interests of all regional countries, including Armenia. The corridor will connect the Nakhchivan Autonomous Republic to the rest of Azerbaijan by land, will contribute substantially to the economic

prosperity of all countries involved. The incorporation of the Zangazur route in the building of the Trans-Caspian transport route, known as the Middle Corridor, will considerably shorten the time for goods transit from China and Central Asia to Europe. The corridor will boost the Middle Corridor's throughput and the speed of freight traveling through it, as well as contribute to a major economic effect for all parties. Nowadays, Azerbaijan is firmly entirely devoted to the development of this corridor and the restoration of transportation ties, believing that collaboration is the most effective means of achieving long-term peace in the region. Having noted that these are political, not economic, challenges. Their future hinges on Russia, which has a vested interest in reopening this route as well as complex bilateral agendas with Armenia and Azerbaijan. The vital prospects that the Zangazur corridor provides for regional countries demonstrate that its establishment will result in the extension of regional transportation networks and the stimulation of reciprocal economic contacts among regional countries. It will also increase the region's prominence within international transportation networks such as the North-South International Corridor and the Middle Corridor. In addition to economic gains, the corridor's expansion of economic linkages will significantly contribute to the region's long-term peace and security. In turn, long-term economic progress and peace will prevent the propagation of dangerous nationalistic ideals and the emergence of fresh wars in the future.

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