

SUBREGIONAL SEMINAR

Trans-Caspian Connectivity: Unlocking Transport and Energy Corridors

Central Asia Regional Economic
Cooperation (CAREC) Program

6 May 2025, 9:00 - 11:00 AM (GMT+2)

Brown Room 3, South Wing, Level 2



#ADBAnnualMeeting



INTRODUCTION



Lyaziza Sabyrova

Regional Head, Regional Cooperation and Integration, Central and West Asia Department, Asian Development Bank

OPENING REMARKS



Yingming Yang

Vice-President, South, Central and West Asia, Asian Development Bank

SETTING THE STAGE



Yevgeniy Zhukov

Director General, Central and West Asia Department, Asian Development Bank

MODERATOR



Mamuka Tsereteli

Senior Fellow, Central Asia-Caucasus Institute

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**Trans-Caspian Connectivity:
Unlocking Transport and Energy Corridors**

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PANELISTS



Bakyt Sydykov

Minister of Economy and
Commerce and ADB Alternate
Governor, Kyrgyz Republic



Dauren Kenbeil

Vice-Minister of Finance and
ADB Alternate Governor,
Republic of Kazakhstan



Ekaterine Guntsadze

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**Maryam Rashed Al
Mazrouei**

Head of Business
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Chief Investment Officer, Public Sector
(Region 2) & Project and Corporate
Finance (Global) Clients, Asian
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**Trans-Caspian Connectivity:
Unlocking Transport and Energy Corridors**

Trans-Caspian Connectivity Unlocking Transport and Energy Corridors

Yevgeniy Zhukov

Director General

Central and West Asia Department, ADB



MILAN
58TH ADB ANNUAL MEETING
4-7 MAY 2025



Overview of the CAREC Program

Open and inclusive platform to promote shared and sustainable development through **regional cooperation**

- Member countries: Afghanistan*, Azerbaijan, People's Republic of China, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, Uzbekistan
- Development partners: ADB, AIIB, EBRD, IMF, IsDB, UNDP, the World Bank, and expanding
- Promotes **policy dialogue**, supports **project development** and financing, provides **technical assistance**, and advocates **South-South cooperation**



ADB serves as the
CAREC Secretariat



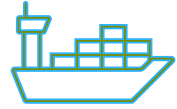
CAREC Institute
supports
knowledge
generation and
capacity building



Rotating
chairmanship
annually: **the Kyrgyz
Republic** as chair
country in 2025

*ADB has placed its regular assistance to Afghanistan on hold effective 15 August 2021.

Initiatives to transform the trans-Caspian region from a transit corridor into a vibrant economic hub.



The Caspian Sea lies at the heart of the CAREC region, **shaping trade and transport flows** and providing maritime transportation access for landlocked CA countries.



The trans-Caspian route handles **only a fraction of the potential trade but has shown dramatic growth.**



Key constraints to trans-Caspian transport connectivity include multimodality, fragmented operations across rail and port systems, limited digitalization, and complex border-crossing procedures.

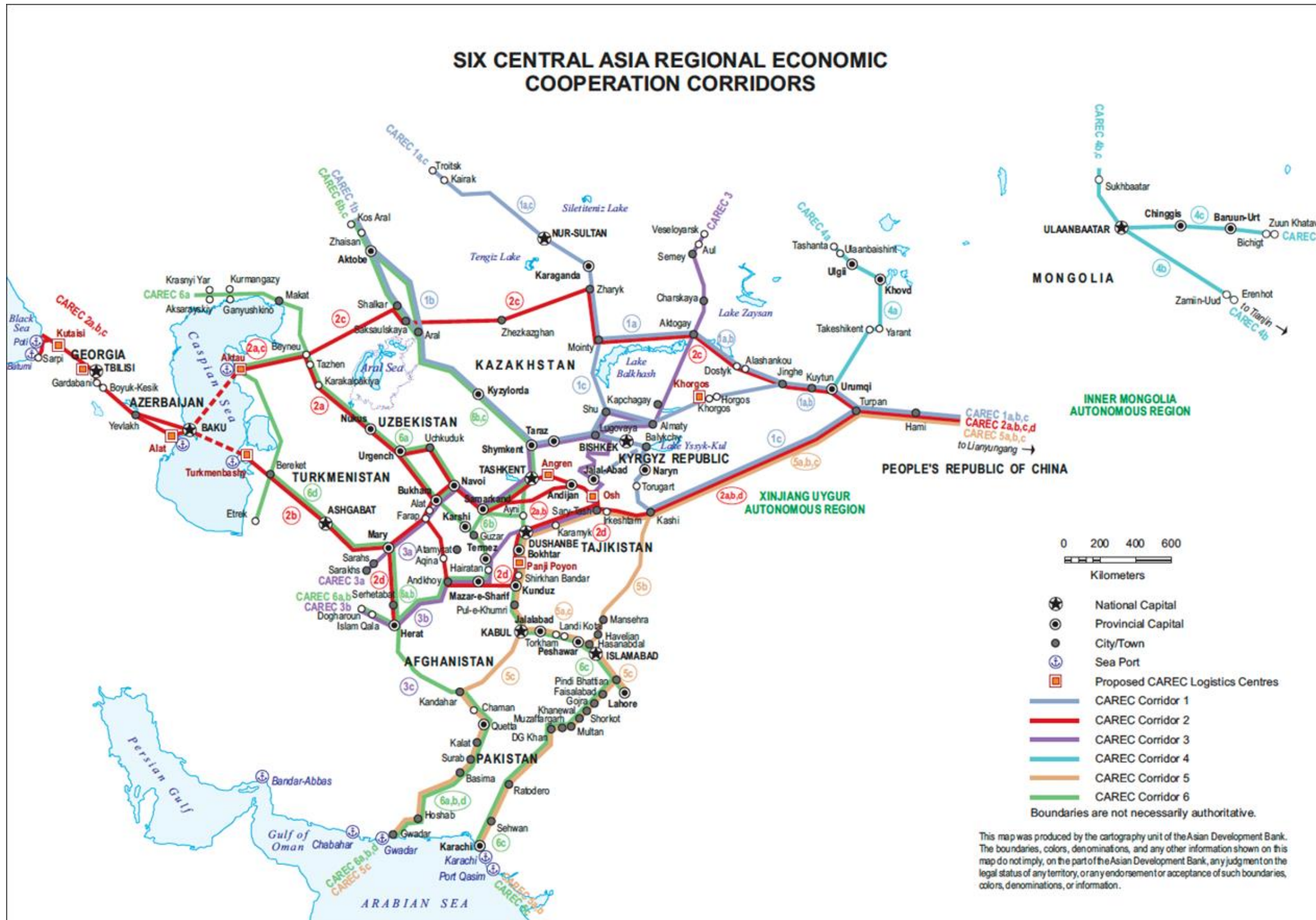


The Caspian Green Energy Corridor initiative connects Central Asia's untapped renewable energy potential with growing electricity demand in the European Union, CAREC region, and beyond.



Tackling these **interconnected challenges in a coordinated way** will allow CAREC countries to transform the trans-Caspian region from a transit corridor into a vibrant economic hub

The CAREC Program is a natural umbrella for the development of the trans-Caspian connectivity

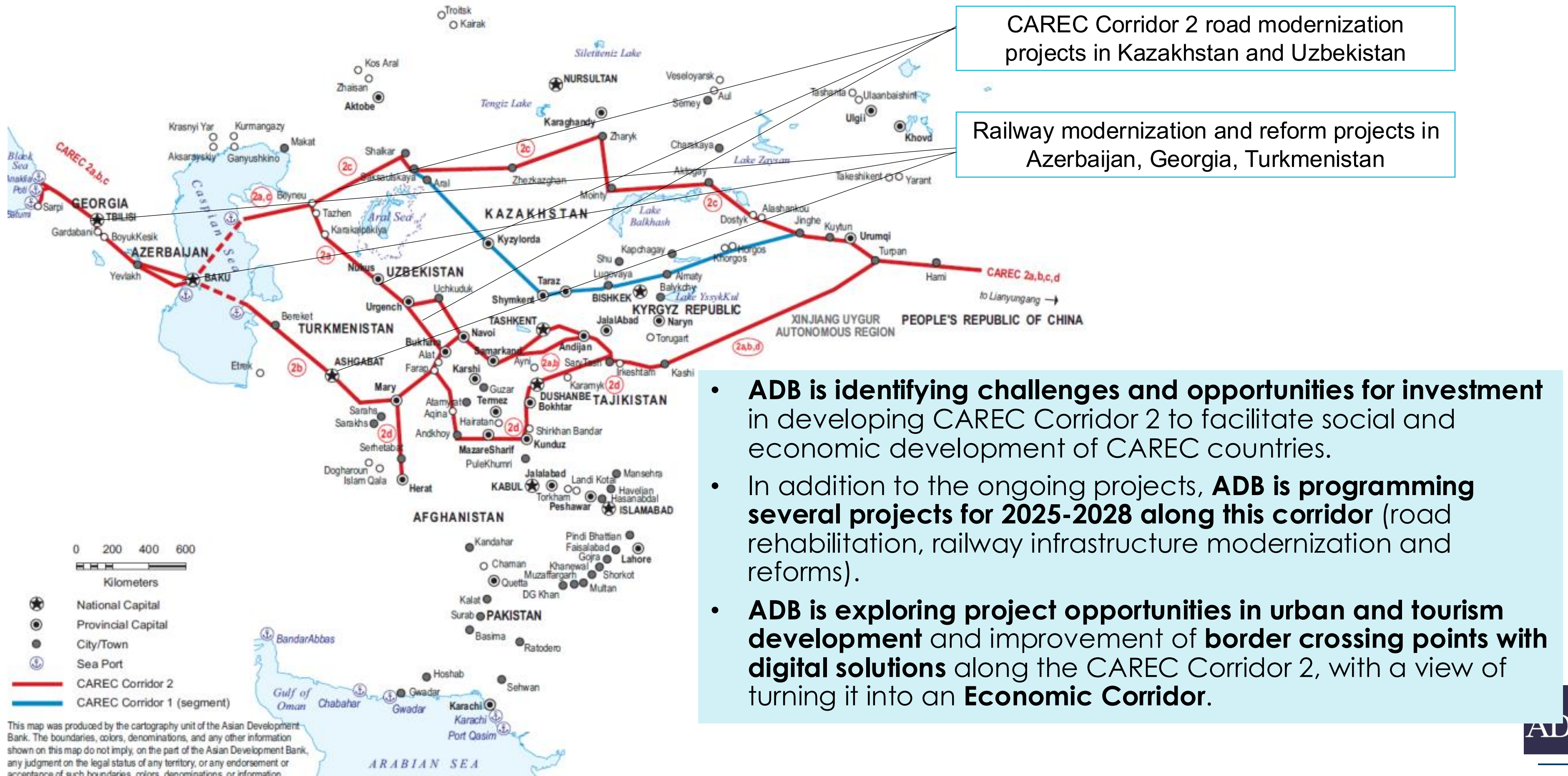


- The **six CAREC corridors** link the region's key economic hubs to each other and connect the landlocked CAREC countries to other Eurasian and global markets.
- CAREC Corridor 2 is a comprehensive multimodal route fostering intra-regional trade; trade of the CAREC countries with those in the West and East; and providing an additional link between the PRC and Europe via the Caspian Sea. It includes several sub-corridors.
- **ADB is preparing the CAREC Corridor 2 Development Strategy and the Midterm Review of the CAREC Transport Strategy 2030**, to align priorities with the changing economic and geopolitical landscape.

Source: CAREC Program.

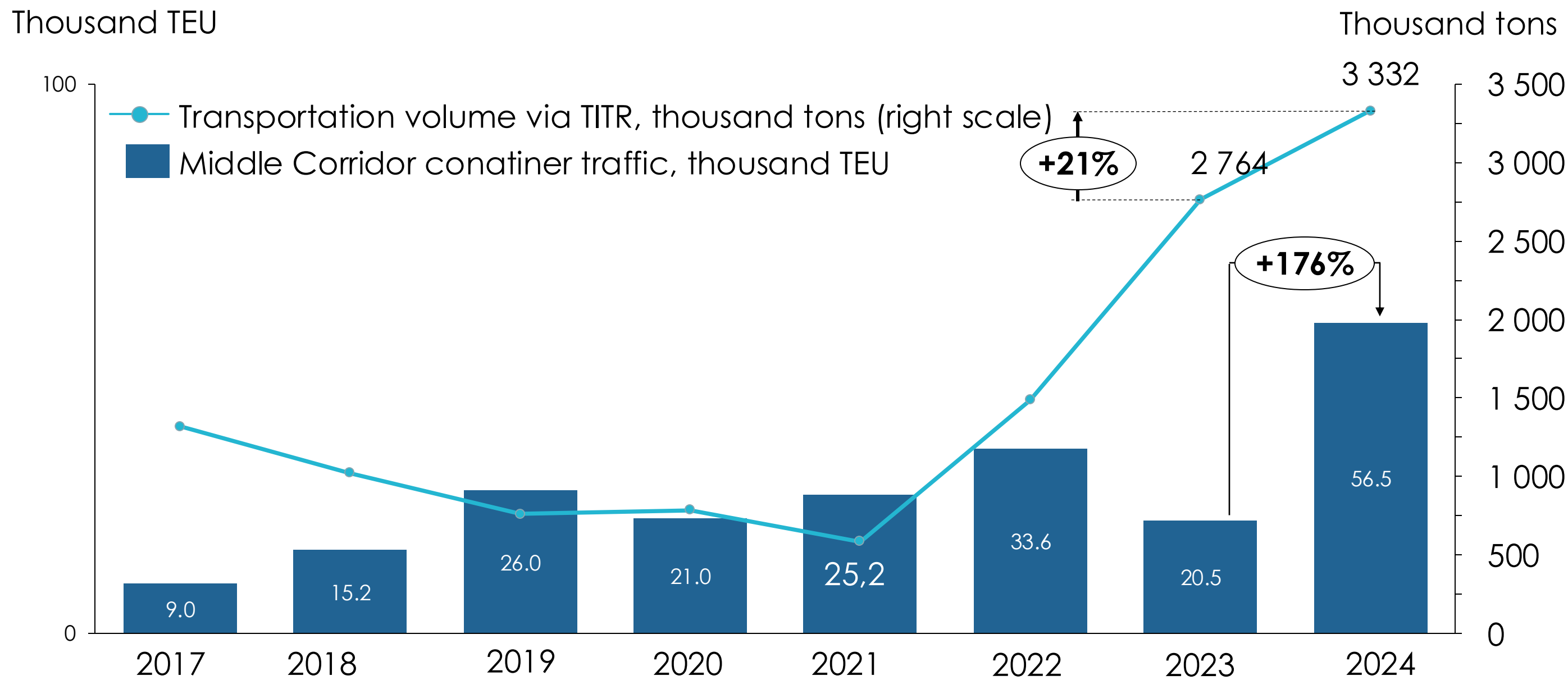
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ADB is scoping demand for new projects along the CAREC Corridor 2



The trans-Caspian route handles only a fraction of the potential trade but has shown dramatic growth

Dynamics of transportation volume and container traffic along the Trans-Caspian International Transport Route

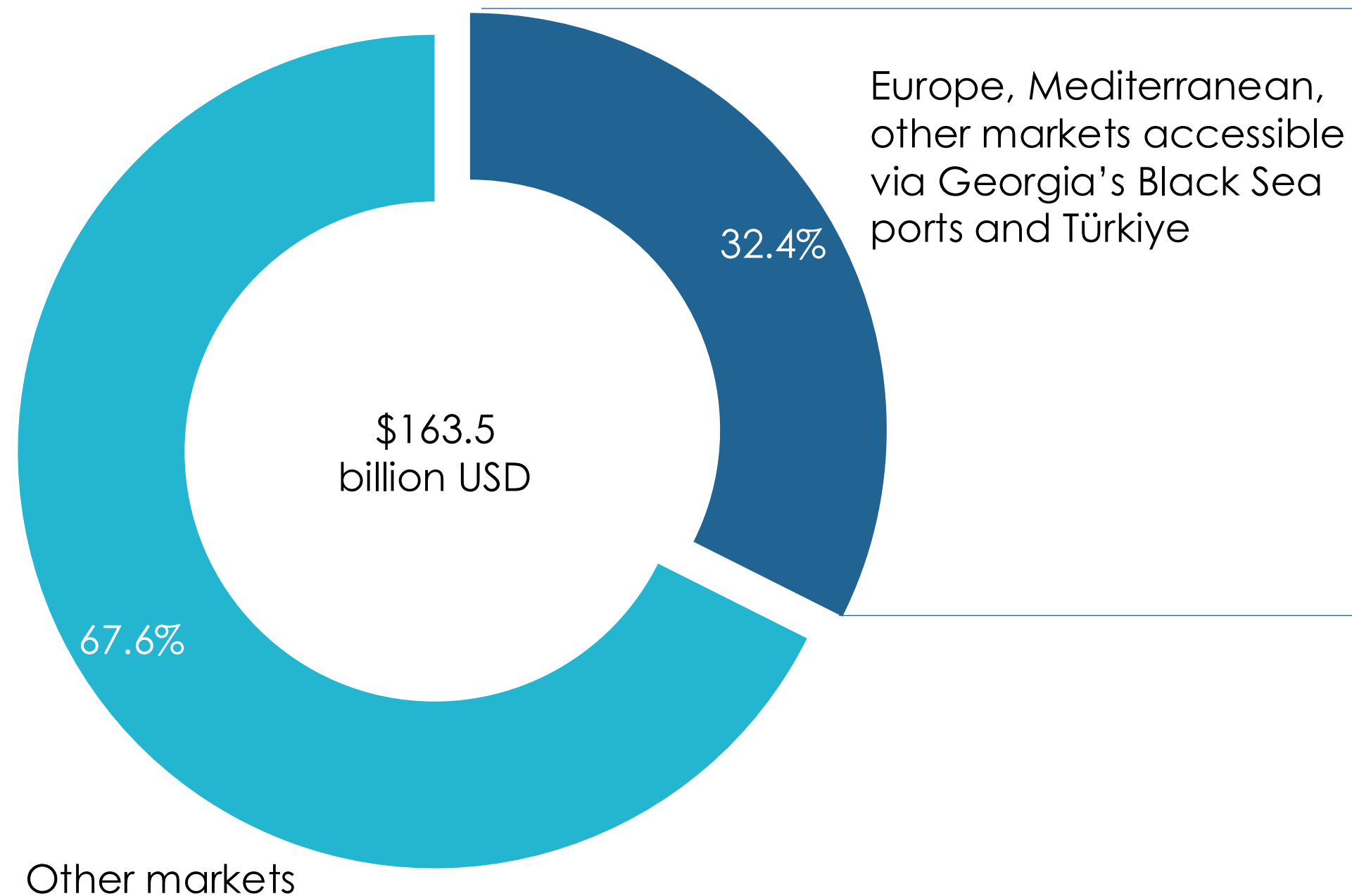


- **Container transportation volume** amounted to 56,500 TEU in 2024, demonstrating **a 176% rise** from the previous year.
- **The volume of freight transported** via the seaports of Kazakhstan and Azerbaijan in 2024 reached 3.3 million tons, reflecting a **21% increase** compared to 2023.
- **The number of container trains dispatched from PRC** in 2024 increased by a **factor of 33** compared to 2023, reaching 358 container trains in 2024.

Source: TITR (<https://middlecorridor.com/en/>)

The trans-Caspian route is strategically important to serve the CAREC regions' non-energy trade within the region and with other partners

Non-energy trade turnover of Central Asia, 2023



- Only a small fraction of non-energy trade moves through the trans-Caspian route
- In 2023, about one-third of the non-energy trade of Central Asia was with Europe, the Mediterranean, and other markets accessible via Georgia's Black Sea ports and Türkiye
- **CAREC Corridor 2 could potentially serve a larger portion of CCA's non-energy trade with the trade partners on the West.**

The Caspian Green Energy Corridor presents a transformative opportunity for the future of cross-border energy trade in CAREC

- Connects Azerbaijan, Kazakhstan, and Uzbekistan to establish a **green energy corridor linking Central Asia, the South Caucasus, and Europe**.
- **Facilitates renewable energy exports and enhances regional power exchange.**
- Strengthens energy security and optimizes energy distribution among participating countries.

ADB was requested to support

On December 27, 2024, three transmission operators signed a Shareholders Agreement to establish a joint venture (JV).

May 2024

June 2024

October 2024

December 2024

April 2025

Azerbaijan, Kazakhstan and Uzbekistan signed an MOU in May 2024 on the Caspian Green Energy Corridor Project.

ADB mobilized Small Scale TA

In October 2024, ADB approved a Small-Scale TA to support this project and signed an MOU at the Ministerial Meeting of CAREC on its implementation.

ADB, AIIB and three ministries of energy (AZE, KAZ and UZB) signed an MOU on support for the Feasibility Study

At the Stakeholders' roundtable, ADB presented TOR of the Feasibility Study

Potential risks for the Trans-Caspian Transport and Energy Corridors



Declining water level in the Caspian Sea

The Caspian Sea's water level has declined by **2 meters** since the mid-1990s, with a further decline from **9 to 18 meters predicted by the century's end**, potentially causing the northern basin to disappear.

Image: NASA Earth Observatory images by Lauren Dauphin

Coastlines have shifted up to 50 km in some areas, affecting social and economic activities.

Technical and financial challenges of the Caspian Green Energy Corridor

- Supply chain disruptions, market price volatility, and potential delays in commissioning additional renewable energy capacity in Central Asian supplier countries.
- Political and regulatory risks, financing gaps, and technological obstacles related to grid interconnections and storage solutions need enhanced regional cooperation to mitigate.

Urgent need for **adaptive design of ports**, effective implementation of regional action plan for **responding to major oil spills**, collaboration on **mitigating water-level decline**.

These challenges must be addressed through **coordinated policy development, regional partnerships, and long-term investments** in the region's energy infrastructure.

CAREC Program serves as an umbrella for greater regional cooperation to realize the region's transformative potential

CAREC Corridor 2 Strategy will identify priority projects along the route

- **Public and private sector targeted investments** in rail and road rehabilitation and expansion; improved road infrastructure
- **Reforms and investments to improve railway operational efficiencies**
- **Private sector participation** in expanding the handling capacity and productivity of Caspian ports
- **Logistics centers** that connect shipments to merchants, freight forwarders and traders

ADB and AIIB will co-finance Caspian Green Energy Corridor project's Feasibility Study

- **ADB and AIIB is co-financing the initial Feasibility Study** for the Caspian Green Energy Corridor Project
- The Feasibility Study (FS) aims **to investigate the technical, environmental, regulatory, economic, and financial viability** of the high-voltage power interconnection between AZE, KAZ and UZB.
- FS will determine **infrastructure gaps, routing constraints, identify suitable technologies**, and define financials and funding strategy.

Environmental issues of the Caspian Sea: need for stronger regional cooperation

- The Caspian Sea's littoral states should recognize the seriousness of the issue and **the need for adaptive design of ports, channels and merchant ships, policy harmonization and collaboration on mitigating water-level decline and adapting to climate change.**

CAREC Program to facilitate regional cooperation to realize the region's transformative potential

- The focus should be on the **harmonization of regulations and standards among participating countries** to create a **single window solution for effectiveness of transport corridors** in the region.
- **Aligning customs procedures, trade policies** supported by appropriate infrastructure and operational improvements.
- Ongoing initiatives reflect **strong political commitment**, but **sustained effort and deeper cooperation will be essential to fully realize the region's transformative potential.**