

# Economic Prospects in the Black Sea Region and Forging Strong Relationships Throughout the Middle Corridor

Session 1: 12 March 2025

5<sup>th</sup> Black Sea Ports and Logistics 2025 –Conference, Georgia



# Agenda

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- 1 Regional Overview
- 2 Role of Middle Corridor
- 3 Key challenges
- 4 Opportunities
- 5 The way Forward



**Maritime Advisors**

Rigorous analysis – Practical advice

# Drewry: Maritime Research and Consulting Services

Rigorous analysis, practical advice

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**Drewry** is the leading international provider of research and consulting services to the maritime and shipping industry

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Founded in **1970**: More than **50** years continuously charting and assessing the world's maritime markets

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More than **90** FTEs and associates serving our clients from offices in London, Delhi, Shanghai and Singapore

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We serve our clients through **four** business units:

Maritime Research

Maritime Advisors

Supply Chain Advisors

Maritime Financial Research



The primary source of market insight, analysis and advice trusted by a global audience of maritime and shipping industry stakeholders.

# What we do

## We combine rigorous analysis with practical advice

In boardrooms across the globe, decisions are made based on the analysis and insight provided by our Maritime Research teams. This rich industry knowledge and understanding provides the unique intelligence that underpins our advisory services.



## RESEARCH

## ADVISORY



### Maritime Research

Independent, market-leading research on every key maritime sector

### Maritime Financial Research

An Investment Research Service on listed companies operating in the industry

### Maritime Advisors

Expert project-based advisory services to the shipping industry and financial institutions

### Supply Chain Advisors

Ocean freight procurement support and cost benchmarking services to global retailers and manufacturers

A SPECIALIST THAT COMBINES **RICH MARKET INSIGHT** WITH **EXPERIENCE AND EXPERTISE**

# Population growth and outlook

Population growth in the region registered a CAGR of 0.4% over 2015-2025, compared to global annual average growth of 1% over the same period. The population is projected to decline in Georgia and Armenia, however, I population in the region is expected to remain unchanged to 2050.

Regional and World population growth trend (CAGR 2015-2025\*)

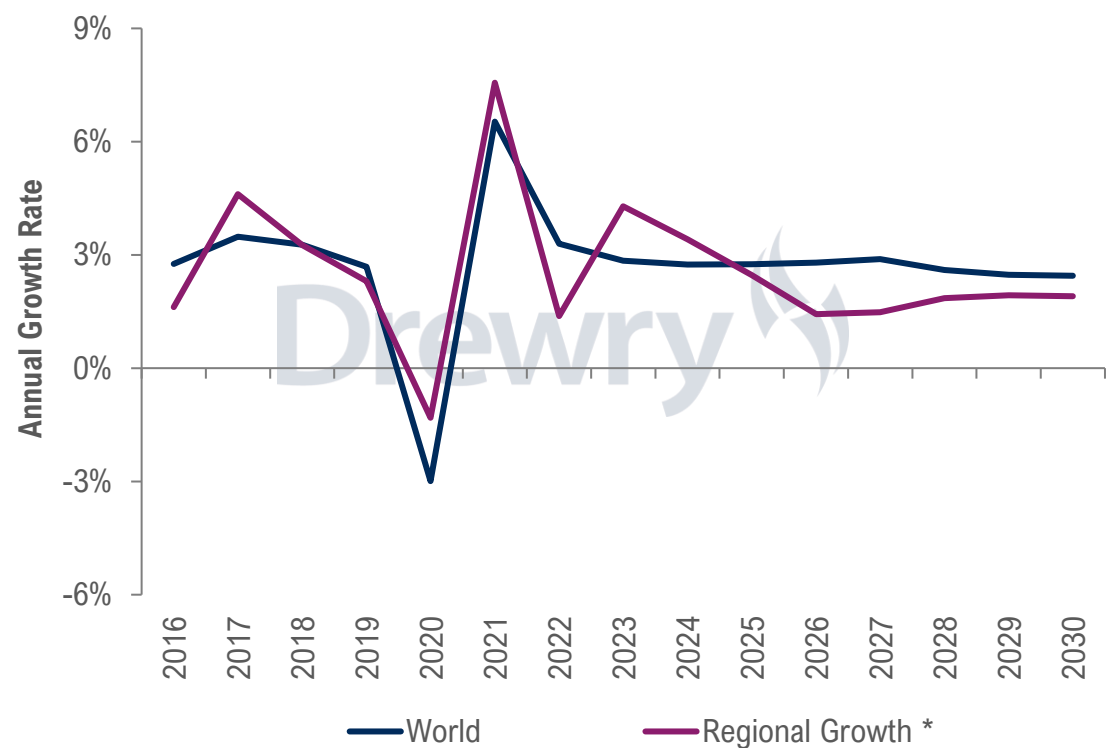


Note :\* Forecast

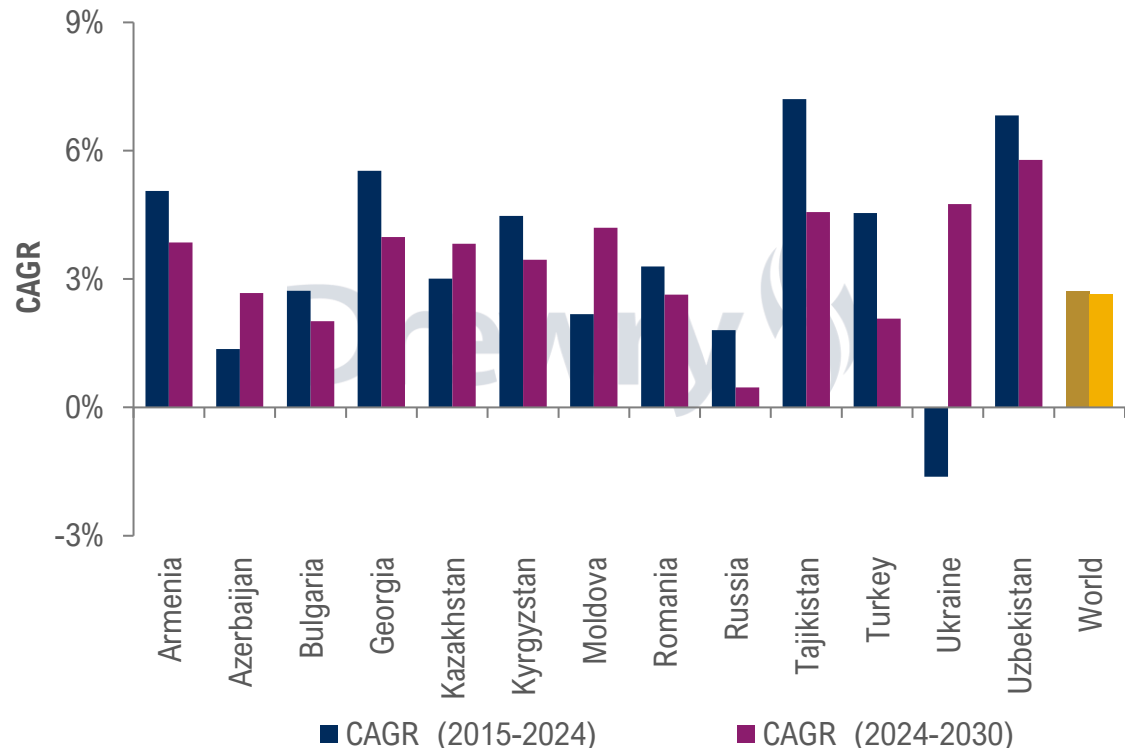
# Economic growth and outlook

Economic growth in the region has been volatile but has largely followed global trends, Major countries in the region have shown varied growth trends, reflective of dependence on fluctuations of commodity prices and regional political conflicts. However, the economic growth forecast for the region is subdued, with expected CAGR of 1.8% over 2024-2030, compared to global growth forecast of 2.7% over the same period.

Regional economic growth trend



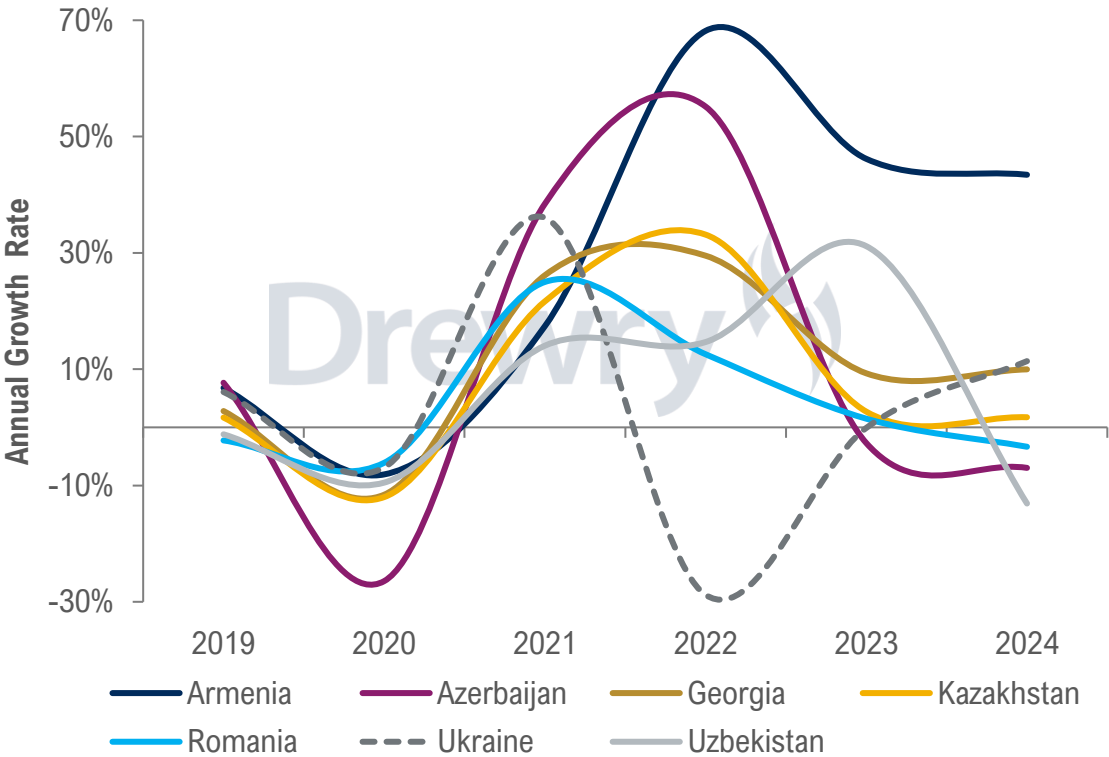
Country wise growth trend and outlook



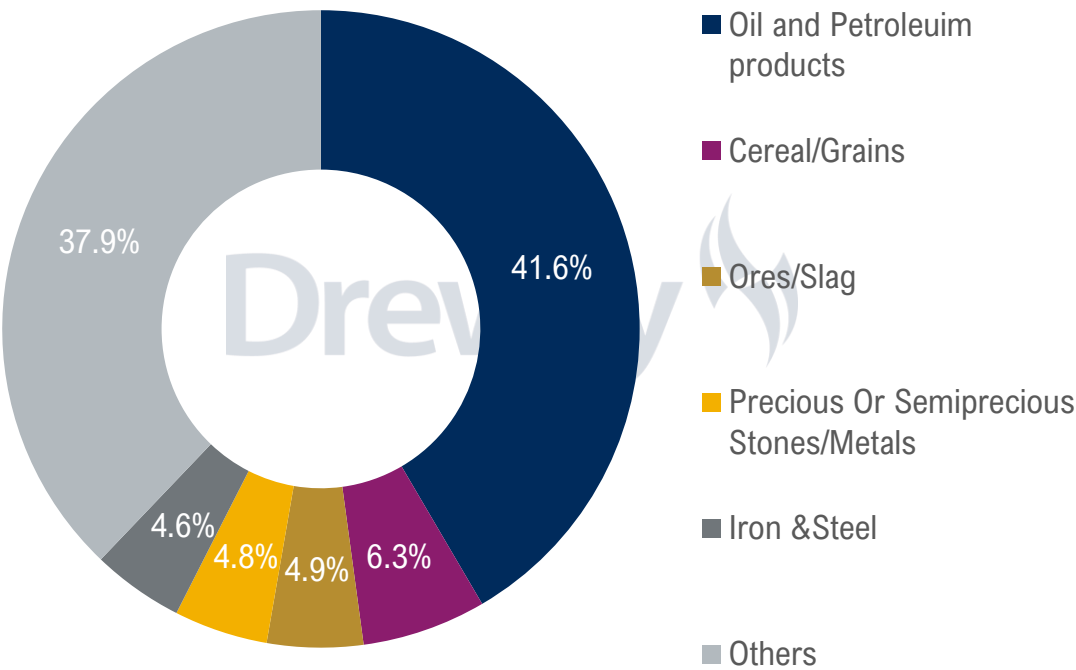
# Regional Trade

The trade growth in the regio has shown significant volatility, again reflecting changes in commodity prices, geo-politics and macro economic shocks. Exports of Fuel and mining products is a key export and driver of export revenue in a number of economies in the region. Imports are dominated by manufactured products primarily from Europe.

Regional Trade Growth



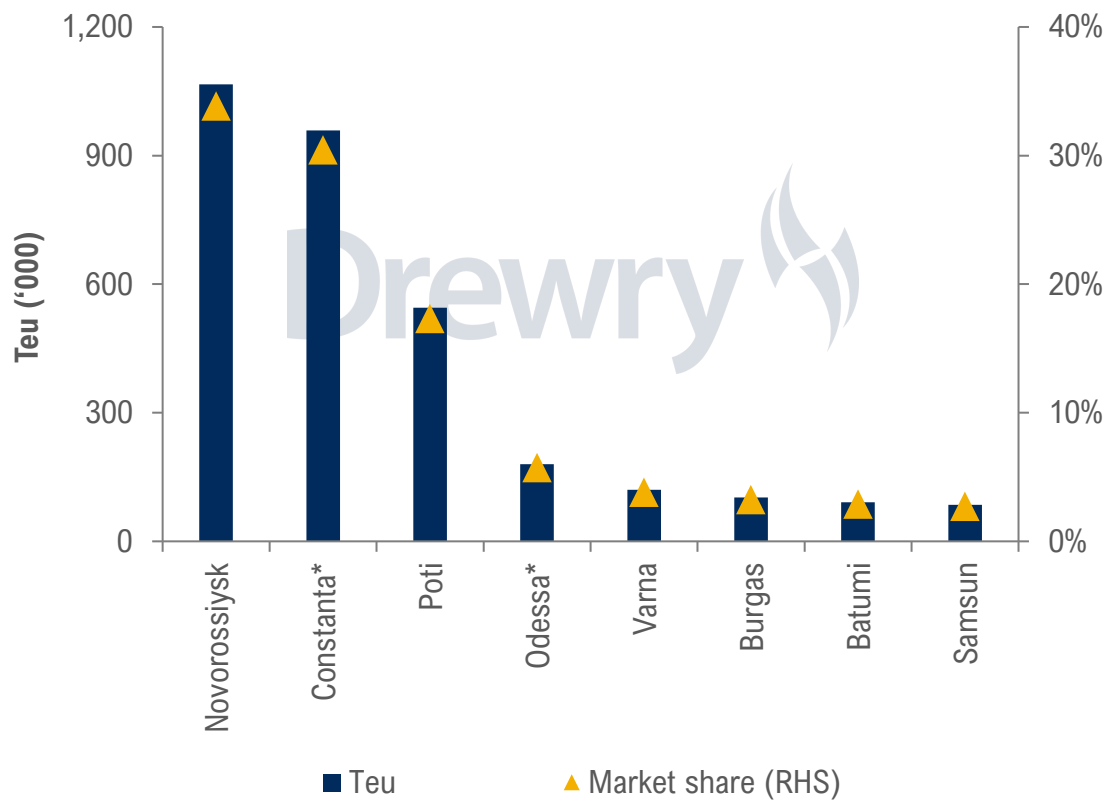
Regional Exports beak-up by major commodity segment



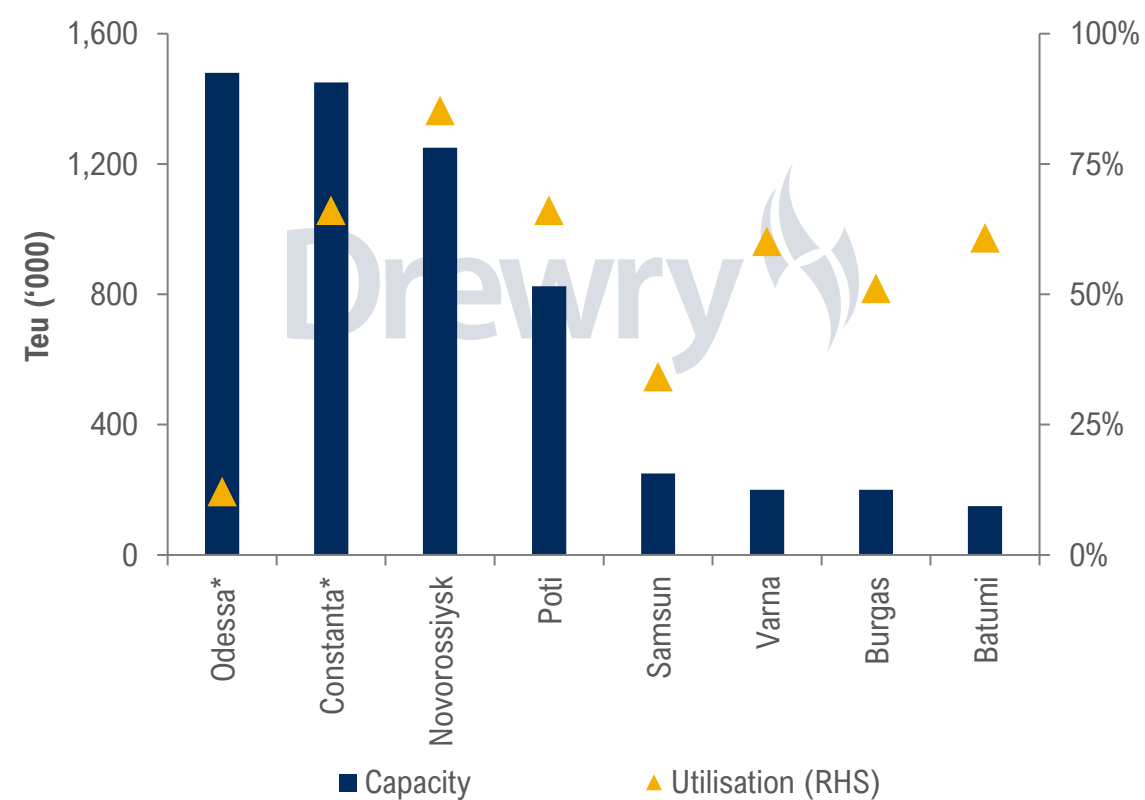
# Container market in the Black Sea region

The container market around the Black Sea has concentration of volumes at ports on the western coast and in Russia, accounting for more than 75% of the market in 2024. Poti in Georgia is the largest container port on the eastern coast, accounting for around 17% of the regional throughput. Similarly, ports on the western coast and Russia account for 70% of the current port capacity in the region.

Regional Port traffic (2024)



Regional Port Capacity and Utilisation







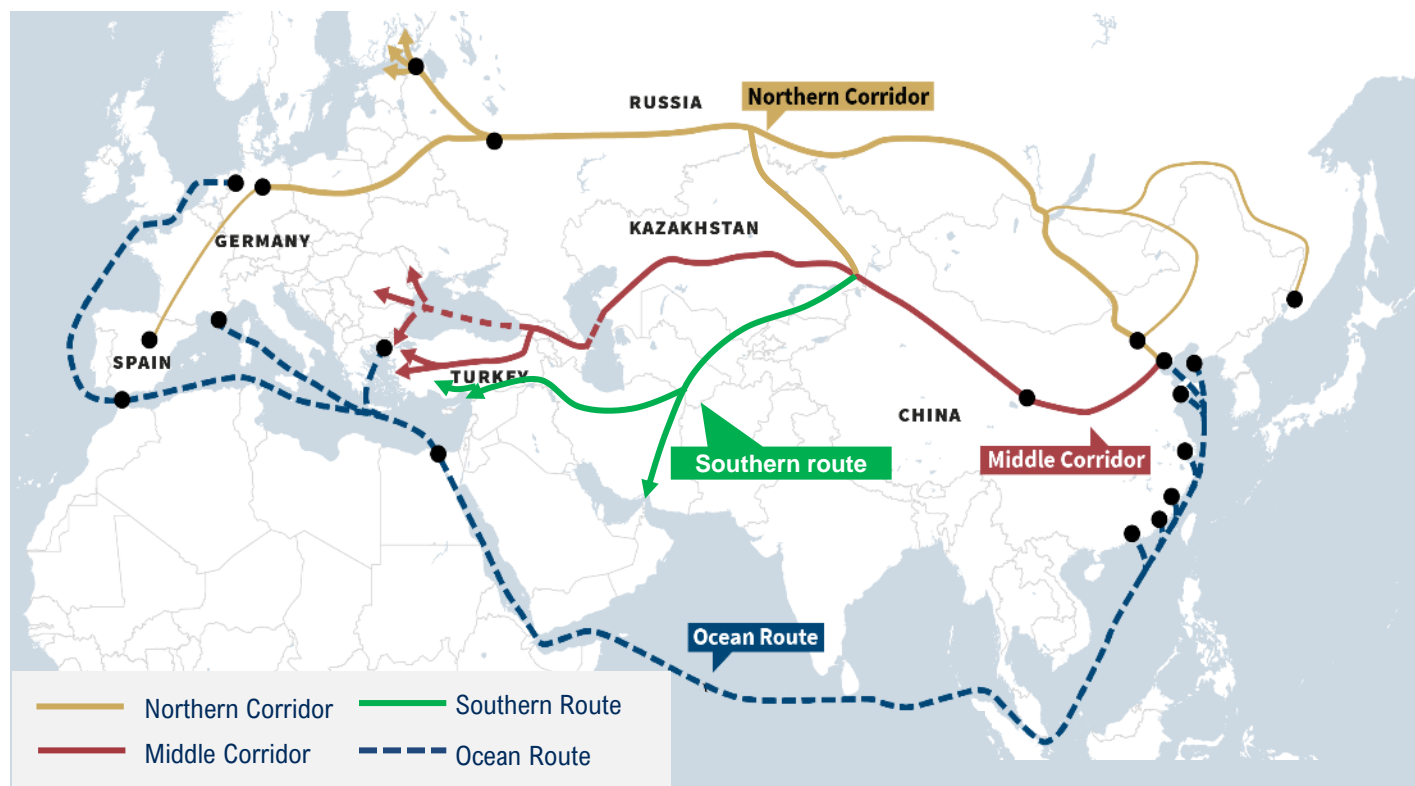
## Middle Corridor - Role and Competitiveness



# Current role and positioning of Middle Corridor

The Middle Corridor is an alternative to the Eurasian Northern Corridor, that runs from China through Kazakhstan, crosses the Caspian Sea to Azerbaijan, Georgia, and the Black Sea on its way into Europe: a total of about 4,250 km of rail lines and 500 km of sea transport. Alternatives include routes through Iran and Turkey.

## Central Asia transport corridors overview



**Role:** Middle corridor is approximately 3,000 Km shorter compared to Northern Corridor. The key objective of development of Middle corridor was to provide:

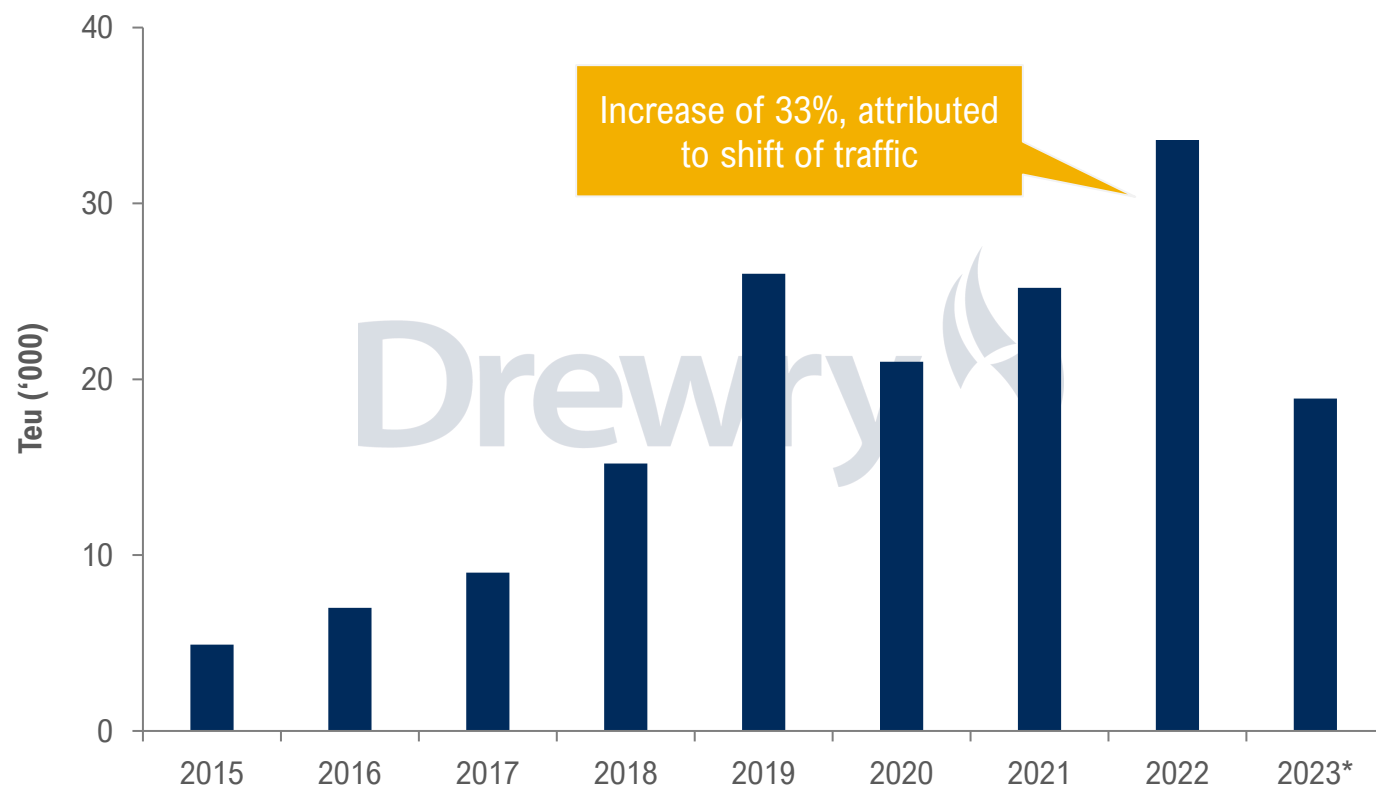
- Efficient and improved logistic infrastructure for countries in Central Asia
- Alternative routing/ land bridge to connect Europe and China

**Positioning:** Currently handling regional traffic and serving the countries along the Middle Corridor in Central Asia, while limited share in intercontinental or transit trade.

# Emerging opportunities for MC

After 2022, the Middle Corridor has attracted more attention; Requires enormous efforts to solve the physical and non-physical barriers among various parties.

## Container Traffic along Middle Corridor



Note : \* Estimated based on 8 month volumes

- The Middle Corridor is a sanctions-free alternative to the Eurasian Northern Corridor.
- Potential to act as a catalyst in diversifying trade and economy for countries along the corridor, particularly in Central Asia,
- Potential to significantly increase transit and intra-regional volumes.

**However, it will require focused efforts to solve the physical and non-physical barriers among various parties to fully tap the current and future opportunities and develop a sustainable competitive edge over competing routing options**

# Key challenges

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## Uncertainty

- **High transit time**
- **Low service and schedule reliability**



## Capacity

- **Capacity limitations of seaports**
- **Limitation of railways in transit countries**
- **Limited shipping capacity at Caspian sea**



## Operational Challenge

- **Multiple operators and limited harmonisation**
- **Lack of single corridor management**
- **Complex custom process; multiple transit countries**
- **Lack of standardisation and integration**



## Cost

- **High tariff; lack of transparency**
- **Absence of a unified tariff structure**

# The way forward

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## Simplify and Standardise

- To reduce transit time
- To reduce logistic cost



## Invest

- To provide optimum capacity
- To improve service level and reliability



## Partnership

- For improved cooperation between various stake holders
- Increased involvement of private sector

# Conclusion

The key to success for Middle Corridor is – “Act Now”



## Geopolitical Scenario

The new emerging geopolitical scenario has provided a window of opportunity for Middle Corridor to position itself as an alternative to Northern Corridor and to foster cooperation and economic growth in the region.



## Competition

There is now increased focus on developing transport corridors and linkages to mitigate the potential risks arising due to environmental issues, geopolitical events and other operational constraints. These new proposed corridors could further intensify the competition for Middle Corridor.



## Act Now

Therefore, the key to success for Middle Corridor is to “Act Now” to seize the emerging opportunity and leverage the early mover advantage.

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A large cargo ship with multiple cranes is sailing on the water. The ship is dark-colored with a white superstructure. The text "SAFETY FIRST" is visible on the side of the ship. The background is a hazy, overcast sky.

# Thank you



# Rigorous analysis, practical advice

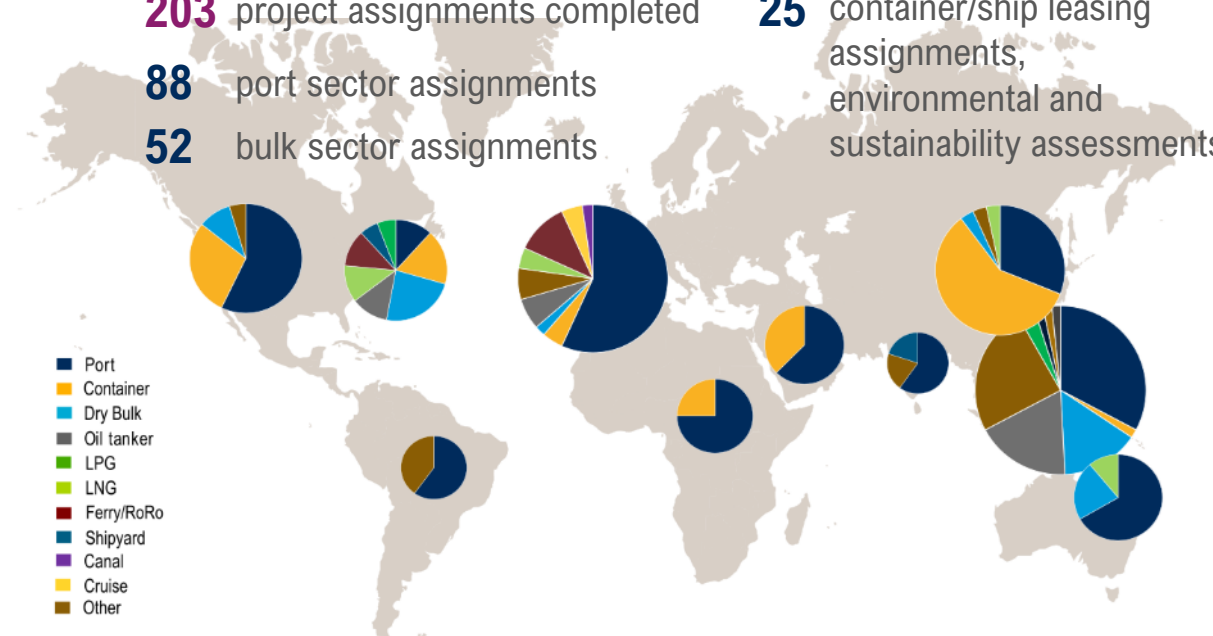
## Drewry Maritime Advisors

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### Project assignments (Jan 2021-Dec 2022)

**203** project assignments completed  
**88** port sector assignments  
**52** bulk sector assignments  
**25** container/ship leasing assignments, environmental and sustainability assessments



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