

Diversification of supply chains: EU cooperation in South Caucasus and Central Asia and the significance of the Black Sea region

Georgios MITRAKOS

Georgios MITRAKOS is Director General of International Centre for Black Sea Studies (ICBSS). He has more than ten years' experience in foreign policy advisory and public relations. His expertise includes politics, international relations, confidence building measures with emphasis on the Black Sea region, Southeast Europe, and Visegrad region. Prior to assuming his post at ICBSS, he has served as Advisor at the Hellenic Ministry of Foreign Affairs. He has also worked as Special Advisor at the Hellenic Ministry of Regional Development, Competitiveness and Shipping, and at the Hellenic Ministry of State and Strategic Investments. Georgios holds an MSc in Politics and Communication from the London School of Economics (LSE) and a BSc in Political Science and Public Administration from the National and Kapodistrian University of Athens.



The diversification of supply routes and the emerging trend of nearshoring are a unique opportunity for the countries of the Black Sea, South Caucasus and Central Asia regions to leverage their geo-strategic location and developing economies, to become important international logistics and nearshoring hubs.

In a globally connected world of multiple suppliers, carriers, regulatory environments, and market demands, external shocks - like natural disasters, geopolitical tensions or other global events, expose the vulnerabilities of complex supply chains. During the pandemic, mobility limitations resulted in increased transportation costs, delays and shortages of goods. Regional tensions caused supply routes to shift from the well-established and cost-effective **Suez maritime route** to the faster **Northern Corridor**; only to be shifted again to new alternatives away from the Russian Federation, following the Russian war of aggression against Ukraine and the subsequent sanctions. Similarly, the alternative US-backed **India - Middle East - Europe Economic Corridor (IMEC)** - a ship-to-rail transit route linking India to Europe through the Middle East - has also been disrupted due to the ongoing war in Gaza.

To improve operational efficiency, markets seek sustainable alternatives that mitigate risks and counter dependency on single vectors. Solutions like the **diversification of supply routes** and the prominent **nearshoring** emerge as viable alternatives to support the resilience of global supply networks.

The Middle Corridor gains ground as the fastest and most direct trade route that avoids dependency on Russia, and is far away from the regional tensions of the Middle East. **The Central Asia - Caucasus - European Corridor**, known as the Middle Corridor, is a multimodal transport route that connects China, Central Asia, South Caucasus, and Europe. It offers a clear advantage in terms of transport time between

China and Europe: ten days via the Middle Corridor, compared to up to [20 days on the Northern Corridor](#) or 45 to 60 days by sea. In 2024, 4.1 million tons of cargo moved through the corridor, representing a 63% year-over-year increase.

It is not the first time the European Union (EU) has shown interest in cooperation with the Eurasian countries. Being rich in energy resources, critical mineral reserves, and a pivotal geo-strategic transit, **the Central Asia - South Caucasus - Black Sea** wider region has always been a central stage for competition among external powers (like China, Russia, and the West) over political and economic influence. This time, it seems that there is a convenient opportunity for both the EU and the countries of Eurasia, given that amidst growing international uncertainty, their geopolitical and economic interests intersect.

For the EU, the development of the **Middle Corridor** is an appealing opportunity to assert itself geopolitically in the region while diversifying its energy resources and transport channels away from Russia and the Middle East. To increase its involvement in Eurasia, the EU offers regional growth and project development through joint ventures, like the recently launched EU Global Gateway that fosters climate resilience, energy transition and digital connectivity.


For the countries of the wider region, the **Middle Corridor** is an opportunity to boost their national economies, by attracting foreign investments and infrastructure development. Besides, with China enticing nations into [debt traps](#), and the US adopting onshoring policies, the countries of Eurasia seek new partnerships to mitigate over-reliance on a single vector.

Building on this momentum, the first high-level EU - Central Asia meeting was held in April 2025 in Samarkand, Uzbekistan, and its [Joint Declaration](#) reaffirmed the two sides' commitment to deeper cooperation. Similarly, the recent launch of the EC Joint Communication on [the EU strategic approach to the Black Sea](#), to revamp the EU Black Sea Synergy Initiative (2007), signals the EU's renewed commitment to the region amid escalating global competition.

Whether this commitment will flourish remains to be seen as the **Middle Corridor is not a panacea**, neither for the EU, nor for the Eurasian states. A risk would be applying a one-size-fits-all policy to a region already facing geopolitical and economic challenges. Political instability, present territorial disputes, and shifting alliances along the countries of the Corridor are underlying disruption risks. The Russian Federation may leverage its relations with the countries to evade Western sanctions using the Corridor, while [Türkiye could use its strategic position to counter European interests](#).

Another risk is replacing one monopoly with another, potentially overlooking significant alternatives for supply diversification like nearshoring. For the EU, it entails the additional risk of becoming over-reliant on trade with China, which could potentially undermine its strategic objective of economic diversification.

Nearshoring is a growing trend for creating shorter, more reliable supply chains. Unlike onshoring, which keeps operations domestic with the risk of higher



labour and operational costs, nearshoring offers lower costs by moving to neighbouring countries, while avoiding the risks of offshoring to distant regions.

In the post-pandemic era, nearshoring for EU companies has shown [positive results](#). Given the ongoing infrastructure development, and the digital and energy transition efforts of the neighbouring Black Sea and South Caucasus countries, the latter could leverage their proximity to EU markets to become nearshoring hubs. Romania is a good example, emerging as [Europe's nearshoring hub for the automotive industry](#).