
Turkey and the EAEU in Regional Transport Systems: Rivals or Partners?

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Abstract

The economic and political climate between Russia and Turkey has become milder recently, as ongoing global turbulence and regional conflicts have forced the two states to reach compromises. As a member of the Eurasian Economic Union (EAEU), Russia has to balance its national interests with those of other EAEU members when dealing with Turkey. The EAEU and Turkey possess solid, albeit underutilized, transit potential for East-West trade as parties to the Transport Corridor Europe-Caucasus-Asia (TRACECA) and the Belt and Road Initiative (BRI). Both corridors take the same route and offer quicker delivery dates compared to seaborne options, although they face similar constraints. However, TRACECA's economic feasibility is questionable, as its politically-driven logic of bypassing Russia turns Russia and Turkey into rivals for transit flows. BRI, although

yet to be clearly defined, appears more infrastructure-oriented and focused on a region-wide economic impetus, turning Russia, other EAEU states and Turkey into partners under the framework of Greater Eurasia.

Key Words

Eurasian Economic Union, Turkey, Regional Transport and Logistics System, Transport Corridor Europe-Caucasus-Asia, Belt and Road Initiative, Transport Corridors.

Introduction

Regional economic integration and its transport and logistics (T&L) aspect in particular have become

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important features of the current development of the global economy. Global manufacturing processes have been broken down into various stages located in different parts of the world, and require smooth, barrier-free and punctual transregional flow of materials between these stages. Under the framework of regional integration, this objective can be attained by cutting down the number of customs borders to cross, establishing common regulations and procedures, increasing multimodality, adopting common technical standards, unifying tariffs—all together leading to an overall rise in economic efficiency. According to Organization for Economic Cooperation and Development (OECD) estimates, a 10% increase in transport efficiency leads to a 0.8% increase in GDP.¹

The T&L aspect of regional cooperation has also become a sound factor of the geopolitical and geoeconomic dominance of the global powers. To link up its member-states and enlarge its influence in the Eastern Partnership Program, the EU is actively developing the Trans-European Transport Network (TEN-T), a seamless, multimodal and eco-friendly system spanning the continent. Another EU-led transport project—Transport Corridor Europe-Caucases-Asia (TRACECA)—designed in 1993, aims at binding the EU with China via ex-

Soviet Asian and Caucasian republics, and bypassing Russia.

In its turn, Russia, together with its partners in the Eurasian Economic Union (EAEU), is setting up a system of Eurasian transport corridors—East-West and North-South—to switch part of transit flows from (i) the Asia-Pacific region to the EU and (ii) from the EU to India and the Middle East from maritime routes onto land via its territory.

In order to tackle Chinese and Russian regional T&L efforts, the U.S. is striving to establish a New Silk Road corridor binding the EU with Central Asia, India and Pakistan via Afghanistan.

The Chinese Belt and Road Initiative (BRI) endeavors to develop a multimodal and diversified land route, stretching through 18 Asian and European states with an overall population of 3 billion people.² The underlying idea of this project is to diminish China's dependence on the Southern Maritime Route, with its constraint of the Malacca Strait, through the complex development of several land routes.

In order to tackle Chinese and Russian regional T&L efforts, the U.S. is striving to establish a New Silk Road corridor binding the EU with Central Asia, India and Pakistan via Afghanistan. The prospects of this project remain unclear, as security issues in Afghanistan remain unsettled.

Taking into account these trends, the main aim of this paper is to critically position the EAEU (hereinafter with objective ascendancies of Russia's transport and transit role in the EAEU) and Turkey in regional T&L initiatives with a neat focus on the TRACECA and BRI corridors. Here and more fundamentally, the research strives to investigate the rivalry or partner statuses of the EAEU and Turkey in these formats. At first sight, due to their strategic location and lack of region-wide synchronization on transit issues, the EAEU and Turkey might appear to compete for land transit volumes in East-West trade. Ongoing confrontation between Russia and the West strengthens Turkey's logic to set alternative routes bypassing Russia, for instance TRACECA, binding Central Asia with Turkey. Some routes under the Chinese BRI initiative also bypass Russia (i.e. the Silk Wind via Kazakhstan, Azerbaijan and Georgia), yet this is arguably not a matter of politics, but a desire for route diversification. Thus, the paper contends that in the long-run the

BRI corridor might create a mutually beneficial development agenda for both the EAEU and Turkey, making them partners to a massive Chinese infrastructure-building program.

The paper consists of three main parts and is structured in a way to concisely address the research question using primary and secondary sources. The first part conveys a comparative analysis of the T&L complexes of the EAEU and Turkey, given their unique transit potential. The second and third parts critically study the role of the two in the TRACECA and BRI projects, pointing at their competitive and failing points but overall stressing the prospects of cooperation between the EAEU and Turkey in the more infrastructure-oriented and – so far – less politicized Chinese initiative.

EAEU- Turkey Relations: Transport and Geopolitics

Turkey is emerging as a regional leader in terms of energy and transport.³ Two strings of the *TurkStream*, to be put into operation in 2018 and 2019, will equip the country with a sound transit reservoir system on the Turkish-Greek border to further channel Russian gas into Southern and Southeastern Europe. Turkey is a party to a number of regional transport initiatives, such as TEN-T, TRACECA, the Central

Asia Regional Economic Cooperation Program (CAREC) and BRI bundled together with one strategic goal—turning itself into a secure, efficient and multimodal land bridge between China and Europe.

Turkey's long non-accession into the EU is forcing its decision-makers to search for regional alternatives. In 2016, president Erdogan called for Turkey to revisit its multi-vector foreign and security policies, for instance by becoming a full member of the Shanghai Cooperation Organization (SCO) along with India and Pakistan, as a more efficient and agile means of tackling regional security issues.⁴ There have also been a number of speculations on Turkey's possible format of partnership with the EAEU in spite of its intense relations with Russia.⁵ More fundamentally, the Eurasian integrative logic has forced Russia to sensitively take into account the interests of other members, i.e. Kazakhstan and Armenia, when dealing with Turkey.

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Kazakhstan, as one of the founding members of the EAEU and a country

with a large population with Turkic roots, has been constantly strengthening its economic, energy, cultural and humanitarian ties with Turkey since gaining independence in the early 1990s. As of today, Kazakhstan's overall trade turnover with Turkey is estimated at around US\$ 2 billion. According to recent estimates, there are 1,600 Turkish companies registered in Kazakhstan, employing up to 15,000 local people.⁶ In 2014, Kazakhstan's president Nursultan Nazarbayev suggested that Turkey cooperate with then the Single Economic Space (SES) of Russia, Belarus and Kazakhstan in the associate format, something similar to the existing mechanism of the EU associate membership under the Eastern Partnership logic.⁷ Later on in 2016 during its chairmanship in the EAEU, Kazakhstan took the opportunity to deepen the Union's cooperation with third countries and other regional blocks. As a result, in keeping with Turkey's multi-vector foreign policy and status as a steadfast bastion of regional stability, president Nazarbayev heavily contributed to the normalization of Russia-Turkey relations acting as a conciliator.

However, as of today, Turkey's joining the EAEU is technically impossible.⁸ From the EU perspective, as Turkey is already a member of the European Union Customs Union, it cannot simultaneously be a party to a similar

integrative entity elsewhere. From the EAEU perspective, Kazakhstan's suggestion has no institutional basis, as the Astana Treaty dated 29 May 2014 does not include any mechanism for associate membership in the Union. Besides, any benevolent EAEU-Turkey initiative might cause protest from Armenia due to the historically lasting tensions between the two. Consensus, set in the Astana Treaty as the method of decision-making in the Supreme Eurasian Economic Council, allows Armenia to veto any initiative the EAEU might undertake with Turkey.

Regardless of their level of cooperation or institutional relationship, both the EAEU and Turkey are parties to substantial trade flows passing through them in the East-West direction. In this context, the EAEU-Turkey regional dialogue fits into the 'Greater Eurasia' concept, under which regional prosperity and security (not politics) are at the top priority.⁹ According to United Nations Conference on Trade and Development (UNCTAD) figures, trade between the Asia-Pacific region and Europe levelled at US\$ 800 billion in 2014 and is expected to reach US\$ 1.2 trillion by 2020, which is roughly equivalent to cargo flows of 240 million tons. In particular, trade between the EU and China is expected to account for US\$ 800 billion or 170 million tons.¹⁰

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More than 90% of the cargo in EU-China trade is seaborne. The delivery is affected via the Suez Canal and on average takes 35-40 days. The Suez Canal, with its infrastructural constraints, may not be able to service the increasing cargo volumes, freeing up the possibility for a land option. Annual volumes of containers transported from the EU to China equal 4.5 million TEU,¹¹ compared to the load in opposite direction of 11.2 million TEU.¹² Thus, China ships roughly three times more than it receives. Such load divergence makes counter-parts at this route either pay for an empty run or wait for co-direction cargo.

The cost of land transportation in East-West direction is on average 5-6 times higher than that of seaborne, although it is 3-3.5 times quicker.¹³ So, land transit is economically viable for goods for which speed, not cost, is crucial, i.e. high value-added goods, (electronics, IT products, aeronautics, pharmacy, high-tech machinery etc.).

These goods are typically transported in containers with the overall index of containerization (a commonly accepted economic indicator to measure the share of goods transported in containers in the overall amount of goods shipped under a given itinerary) in this direction of about 60%.¹⁴

Thus, being placed at such trade crossroads, the EAEU and Turkey's T&L complexes have a number of similarities and differences, which critically position them either as rivals or partners to regional T&L initiatives. Their similarities come from the underutilized transit potential, low capitalization of the T&L market, and insufficient development of multimodality.

Given their unique geography, the EAEU and Turkey possess relatively untapped transit potential. According to Turkish official figures, the state has the potential to be a hub for over US\$ 2 trillion of East-West and North-South trade, which, as of today, is fulfilling this capacity at only roughly 40-45%.¹⁵ For instance, Turkish ports annually handle around 63 million tons of transit cargo.¹⁶ Should Turkey keep firm in its cooperation with Iran, most notably by cultivating rail cargo transit from Iran to Germany via its territory, the existing 1 million tons of rail transit figure might easily triple.¹⁷

In its turn, the EAEU accounts for around 1% of overall cargo flows in the East-West direction, with the potential of reaching 8-10% by 2020 via the Transsib and Trans-Asian Railway routes.¹⁸ In particular, the EAEU's East-West transit potential (the containerized transit flow of which is estimated at more than \$2 billion) is utilized only at about 30-35%, whereas in the North-South direction the utilization rate is a mere 50%.¹⁹

In terms of the size of the T&L market, the EAEU has outperformed Turkey, yet both lag behind the U.S., the EU and China. Turkey's T&L market is levelled at US\$ 80-100 billion with a projected rise to US\$ 140 billion.²⁰ The EAEU is far ahead with a volume of US\$ 318.1 billion, although this is still 3.7 times smaller than that of the EU, 4.5 times smaller than that of the U.S. and 3.8 times smaller than that of China.²¹

The structure of freight turnover (tonne-kilometer) in the EAEU and Turkey is similarly imbalanced with both parties facing a multimodal-development agenda. In the EAEU case, rail mode accounts for 45% of the overall EAEU freight turnover. If the structure of freight turnover is considered without pipeline (due to its limited range of goods transported, i.e. oil, gas and petrochemicals), then rail's share is far ahead, reaching almost 86%.²² In the

case of Turkey, auto mode accounts for more than 88% of the overall freight turnover.²³

Three key differences in EAEU and Turkey's T&L market put Turkey in a more competitive position: (1) the structure of the T&L market, (2) the wider practice of usage of authorized economic operators (AEO), (3) higher ranks in the Logistics Performance Index (LPI).

Turkey's T&L market structure is more advanced than that of the EAEU. 3 and 4 PL²⁴ segments in Turkey consist of both international (e.g. DHL, DB Shenker, UPS) and domestic (e.g. Omsan, Netlog, Borusan) sectors, with the latter having shown a substantial CAGR (Compound Annual Growth Rate) of 21% in 2008-2012.²⁵ As of today, 3 and 4 PL operators account for more than 35% of Turkey's overall national T&L market.²⁶

In the EAEU's case, 3 and 4 PL segments together secure only 5% of the overall T&L market of the Union, while 95% of operations are still rendered by providers of level 1 and 2.²⁷ This means higher T&L costs in the overall price of goods for EAEU-customers, ranging from 20% to 25% against a worldwide average of 11%.²⁸ Moreover, integrated T&L solutions in the EAEU are predominantly rendered by international operators. To tackle this problem and raise the

efficiency of the T&L market at large, in 2014 Belarus, Kazakhstan and Russia founded a United Transport and Logistics Company (UTLC) to provide the market with straight-through rail delivery under a single-window policy.

Turkey is doing better than the EAEU in introducing an e-solution single-window approach to simplify customs procedures. As of today, Turkish customs authorities have liaised with almost 1,270 private customs brokerage companies to act as AEOs whereas in the EAEU there are only 600 AEOs in place.²⁹

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In terms of global T&L efficiency measured by the World Bank indicator of Logistics Performance Index (LPI),³⁰ in 2016 Turkey was ranked substantially higher than any of the EAEU member states. In particular, Turkey did better in each of the functional areas of the LPI index, proving the greater efficiency of the Turkish T&L complex (table 1).

Table 1: LPI index for the EAEU-states and Turkey in 2016

	Overall LPI Rank	Customs	Infrastructure	International Shipments	Logistics Competence	Tracking and Tracing	Timeliness
Armenia	141	148	122	146	137	147	139
Belarus	120	136	135	92	125	134	96
Kazakhstan	77	86	65	82	92	71	92
Kyrgyzstan	146	156	150	152	151	115	126
Russia	99	141	94	115	72	90	87
Turkey	34	36	31	35	36	43	40

Source: Compiled based on International LPI Global Ranking 2016, at <http://lpi.worldbank.org/international/global/2016?sort=desc&order=LPI%20Score#datatable> (last visited 23 September 2017).

Thus, in terms of the qualitative characteristics of its T&L complex, Turkey has overperformed the EAEU. This fact, *ceteris paribus*, places Turkey in a more competitive position in the regional struggle for transit flows. However, similar constraints lay the basis for the two parties' would-be mutually beneficial cooperation in regional transit.

The EAEU and Turkey in the TRACECA Transport Corridor

TRACECA is a transregional transport corridor that embraces both the EAEU

and Turkey. Originally TRACECA was designed as a rail and ferry route from China to the EU traveling in two directions via 1) Dostyk-Tashkent-Ashgabat-Turkmenbashi-Baku-Tbilisi-Poti and 2) Dostyk-Aktau-Baku-Tbilisi-Poti with further water connections to Odessa, Varna and Istanbul, creating an agile, albeit politically-driven transport corridor from China to the EU via Turkey, bypassing Russia. Since 1993, the EU has directly financed 82 investment and technical assistance projects worth €179 million, whereas the overall amount of direct and indirect EU financial inflows into the project is believed to be roughly up to \$1 billion.³¹

The economic feasibility of the TRACECA project is highly questionable. As of today, it carries only around 1-1.5% of total East-West freight volumes despite the fact that the parties involved have initiated a number of incentives to make the project work.³² For instance, TRACECA states have agreed to offer a 50% discount on the empty run of wagons, abolish taxes and fees on transit cargo, and enhance measures of safety for cargo and vehicles. Overall, some sections of TRACECA have proved relatively efficient in transporting oil, gas and cotton, with oil and gas still accounting for almost 70% of the overall corridor load.³³ The failing points of TRACECA are as follows: i) the number of transshipments, ii) several customs border crossings, iii) the cost of transportation, iv) infrastructural constraints on the Caspian Sea, v) substantial empty runs in the Eastern direction.

The necessity of transshipments, i.e. the shipping of cargo to an intermediate destination prior to its final destination, often requiring loading and unloading, comes from the multimodal nature of the route involving rail and ferry options. Currently, the multimodal status of the route necessitates a minimum of four transshipments: at Dostyk railway station (Kazakhstan), the port of Aktau (Kazakhstan)/Turkmenbashi (Turkmenistan), the port of Aljat

(Azerbaijan) and the port of Batumi (Georgia). Major transshipment occurs at the Dostyk-Alashankou railway hub due to differences in rail gauge: 1435 mm in China and 1520 mm in Kazakhstan.

In order to be delivered from China to the EU via Turkey along the first route of TRACECA, cargo crosses 6 customs borders, whereas the second TRACECA link requires 5 cross-boarding operations. Overall, the lack of a region-wide practice of e-solutions in border crossing procedures, the number of AEOs in the game and the excessive bureaucracy at some parts of the corridor hamper the efficient movement of cargo.

At first, freight rates on transportation of containers and oil via TRACECA were 1.7 and 1.2 times higher, respectively, than those via Russia.³⁴ However, in 2015-2016 TRACECA members managed to reduce the cost of transportation to roughly US\$ 5,500 per 1 TEU, which is closer to, but still costlier than the Russian rates.³⁵ In terms of speed, TRACECA delivery dates are pretty much the same as via Transsib, i.e. three times quicker (on average 14 days) than those of seaborne shipments.³⁶

TRACECA's infrastructural constraints mainly come from the capacity and existing transit infrastructure of its ports on the Caspian Sea, which

specialize in bulk and liquid cargo, not containers.

The Turkmen port of Turkmenbashi is the basic sea pillar of TRACECA on the Eastern side of the Caspian Sea dealing with oil, gas and textiles. Currently it is undergoing a massive expansion executed by a Turkish company (*Gap İnşaat*) and worth about US\$ 2 billion. The planned capacity of new port infrastructure is 15 million tons.³⁷ The Azerbaijani port of Aljat (near Baku) serves as a basic pillar of TRACECA on the Western side of the Caspian Sea. Conducted renovation allows it to service ro-ro ferries³⁸ with an annual volume of freight of 25 million tons and 1 million TEU.³⁹ The Kazakh port of Aktau is mainly focused on shipping oil and related products, whereas its container facilities remain underdeveloped. Aktau is a shallow port, just 10 m. in depth, which only allows it to service tankers with 3-5 k. tons deadweight.⁴⁰ Without deepening, Aktau will not be able to accept tankers with an optimal deadweight (13 k. tons).⁴¹ The port has also undergone massive expansion with the construction of a 1.5 million ton capacity grain terminal, and two terminals for general cargo and containers with total capacity of 1.5 million tons. Thus, under full load the port is expected to service up to 20 million tons annually.⁴²

Finally, one of the major financial risks to the corridor, logically leading to higher transportation costs, is the empty run phenomenon heavily present on shipments from the EU to China. In 2016, Chinese exports to the EU equaled \$452 billion, whereas EU exports to China accounted for \$187 billion, logically bringing the problem of empty run containers in the Eastern direction to the front.⁴³ This has a direct bearish effect on the efficiency of the Caspian and Black Sea ferry legs.

To sum it up, as of today, TRACECA is a well-established corridor to deliver goods from China to the EU via Turkey and bypassing Russia, yet it is burdened with high costs of transportation, the empty-run phenomenon, and inefficient cross-border procedures along the route.

The EAEU and Turkey in the BRI Transport Initiative

Another regional transport initiative that might critically influence both the EAEU and Turkey is the China-led BRI. BRI is one of the most ambitious, albeit not clearly defined, regional infrastructural projects.

On the one hand, the project could massively stimulate the EAEU, Turkey and the region at large through

the modernization of the existing stationary infrastructure, the creation of sophisticated hubs rendering a full range of T&L services, the development of multimodality by increasing the number of 3 and 4PL in the structure of the T&L market- all together contributing to shorter delivery dates. All these issues are expected to be mainly funded by the China-dominant Silk Road Fund (US\$ 40 billion) and the Asian Infrastructure Investment Bank (US\$ 100 billion). The global economic downturn, and with it a slowing down of China's national economy (to 6.7% in 2016 according to World Bank⁴⁴) and the announced exodus of American and European manufacturers from China, have forced Chinese authorities to search for additional impetus for its development. BRI implementation will load Chinese industries facing overproduction, i.e. metallurgy, construction, transport machinery, with orders.

On the other hand, the introduction of 6 diversified land corridors within the BRI project could breed competition between the transit states for the upcoming flows. Furthermore, and more strategically, given the absence of a truly common T&L policy within the EAEU and the predominant national regulation of the T&L industry, the functioning of relatively independent BRI routes might raise a number

of internal EAEU tensions, namely between Russia and Kazakhstan. For instance, the Kazakh segment of the East-West corridor has a number of competitive advantages over the Russian one. First, it is multimodal, offering a rail connection via the Trans-Asian Railway network and an auto connection via the Western Europe-Western China road corridor. Second, its auto delivery option via Western Europe-Western China corridor is quicker (10-12 days) than an average EAEU-wide rail (14 days), provided Kazakhstan makes auto delivery economically feasible, as it is 2-2.5 times more expensive than rail delivery. Third, it has a more developed T&L infrastructure along the route, with the central role played by the multimodal T&L hub of Korgas at the Kazakh-Chinese border.⁴⁵

The part of BRI's Southern route, commonly referred to as the 'Silk Wind,' links China with Turkey and Southern Europe via Kazakhstan (Dostyk-Aktau), Azerbaijan (Aktau-Aljat) and Georgia (Aljat-Batumi), but again bypasses Russia. Silk Wind is a multimodal and containerized corridor involving a rail leg (Urumqi-Dostyk-Aktau), a water leg (Aktau-Aljat), a rail leg (Aljat-Batumi) and a water leg (Batumi-Istanbul). Its projected load is estimated at more than 10 billion tons annually.⁴⁶

The Silk Wind's route generally follows TRACECA's, involving rail and ferry legs via Turkey to the EU. Logically it has the same failing points as TRACECA does, i.e. several transshipments to be done, infrastructural constraints in the Caspian Sea, empty runs, lack of region-wide synchronization of transit tariffs and procedures. Yet Silk Wind's strategic difference from TRACECA (even though it still bypasses Russia) is that the Chinese initiative does not intend to isolate Russia from the transit flows. On the contrary, the fact of bypassing Russia in the Silk Wind corridor is a geographical, not geopolitical notion, as by diversifying its transport routes China aims at creating a multi-layered, interdependent and inclusive regional T&L infrastructure. In this regional framework Russia, the EAEU as a regional body and Turkey are not viewed by China as contenders, but as partners to a holistic regional infrastructure building.

And it is here where the idea of the EAEU-BRI conjunction may foster both further conceptualization and implementation within the Chinese initiative.⁴⁷ Through the conjunction of its project with the already established and recognized regional integrative entity of the EAEU, the Chinese authorities seek the grounds to institutionalize BRI. Introduced in 2015, the EAEU is the most advanced

regional economic block in the post-Soviet space with an established supranational body of the Eurasian Economic Commission (EEC) and a common trade policy in action.

Currently there is no common transport policy (CPT) of the EAEU *per se*; in fact, the EAEU is executing a coordinated (agreed) transport policy. Under this policy the industry is predominantly regulated at the national level of each EAEU-member. This logically hampers the announced conjunction. Yet the parties have succeeded in establishing common rules and regulations for transportation by rail and auto, which fully reflects their role in the economy of the EAEU. According to EEU estimates, a finalized CPT of the EAEU covering all modes of transport and functioning without any exemptions will be put into operation in 2025.⁴⁸ Nonetheless, the level of T&L synchronization achieved already allows the Union to execute a secure and customs-free land transit in EU-China trade directions via its territory 3-3.5 times quicker compared to the Southern Maritime Route.⁴⁹ Reliability and cost of land delivery via the EAEU might also strike the air volumes of EU-China trade (estimated at the level of 700,000 tons in 2016), provided that Russia relieves its agricultural sanctions against European foodstuff manufacturers.⁵⁰

In this context, conjunction of the T&L agenda of the EAEU and BRI may serve as the economic basis of the Greater Eurasia Project in which Turkey, Russia and other EAEU states are partners to an inclusive region-wide initiative strengthened by SCO and Association of South-East Asian Nations (ASEAN) format.

In economic terms, Silk Wind corridor turns out to be the shortest route to deliver goods from China to Southern Europe. The route shortens the maritime option of delivery from China to the EU by roughly 4 times. The launch of the Baku-Tbilisi-Kars railway in October 2017 might give a considerable impetus to the corridor. It reduces the distance of the Azerbaijan-Georgia-Turkey section of the Silk Wind by 1,000 km., which results in shorter delivery dates (minus 4 days).⁵¹ Its starting capacity is expected to be about 5-6 million tons with a projected increase of up to 15 million tons.⁵² Thus, overall transportation might take around 10-12 days; 9 days to Georgia and 12 days to Turkey.⁵³

BRI turns out to be a balanced and development-oriented regional project, focused on creating a diversified set of routes linking China with the EU via both the EAEU and Turkey.

To sum up, BRI turns out to be a balanced and development-oriented regional project, focused on creating a diversified set of routes linking China with the EU via both the EAEU and Turkey. In its essence, the fact of Russia's bypass is not of a political origin, but a mere consequence of transport diversification beneficial for all parties involved.

Conclusion

Efficiency in T&L has become a serious factor of competitiveness and geopolitical dominance, with major global policy-makers leading a number of regional transport initiatives. In this vein, the paper has critically positioned the EAEU (with objective attention paid to Russia) and Turkey in key regional transport systems at the promising EU-China trade direction by investigating transit rival or partner statuses of the two.

Russia and other EAEU states, particularly Kazakhstan, have long-standing trade, investment and T&L relations with Turkey. Recent economic, security and geopolitical turbulence has tuned Russia-Turkey relations laying grounds for potential multi-layered economic cooperation, including T&L, already in the EAEU-Turkey format.

In qualitative terms, i.e. share of 3 and 4PL providers; number of national 3 and 4PL providers; practice of usage of authorized economic operators; overall efficiency of its T&L industry measured by the LPI, T&L complex of Turkey is relatively more developed than that of the EAEU. This fact puts Turkey into a more competitive position in its struggle for transit volumes, for instance, compared to Russia. Yet, judging by the sheer size of its T&L market, the EAEU surpasses Turkey.

The EAEU and Turkey are parties to TRACECA and the Southern part of the BRI, i.e. the Silk Wind, transport initiatives. It has been revealed that the EAEU and Turkey in this case are transit partners rather than rivals. This research has critically studied the strengths and weaknesses of these two corridors taking the same geographical route. Both corridors are multimodal (involving both rail and ferry legs) and offer shorter delivery dates compared to the seaborne route. What is more crucial about the corridors in question is that they both bypass Russia, which at first sight might give Turkey a competitive advantage in channeling Russia-designed transit flows via its territory.

However, TRACECA and the Silk Wind have common bottlenecks. Namely, they suffer from empty-runs in the eastern direction and face similar infrastructural constraints on the Caspian Sea. In this case, the EAEU states and Turkey can be referred to as partners in the overhaul of regional transport infrastructure.

More fundamentally, the difference between the corridors comes from the underlying paradigm of bypassing Russia. EU-led TRACECA is a predominantly politically-driven project intended to isolate Russia from transit flows towards Europe. As of today, the economic feasibility of TRACECA is still disputable. In contrast, the Chinese BRI implies an inclusive infrastructural and depoliticized regional impetus, where the fact of bypassing Russia in the Silk Wind case is a mere fact of China's desire to form a diversified system of transit routes in trade with Europe, not an isolation *per se*.

Thus, the paper strongly believes that Russia, Turkey and other EAEU members will benefit from the implementation of the BRI project by entering a region-wide infrastructural partnership, which in the long run might lay the economic basis for the Greater Eurasia project.

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