Appendix 1: Global Trade Corridors
Overview

Introduction

(Please note that sources for this appendix are listed in parenthesis and found in the bibliography in Appendix 8.)

As the economic crisis continues throughout the world, governments and financial institutions are looking for ways to revamp their markets. One of the ways to kick start the economy, as outlined by the Obama administration, is to invest in the building and rebuilding of the infrastructure (Brookings Institute, November 2008). Infrastructure development:

- Leads to job creation (through manpower needed to build roads, increased business opportunities)
- Facilitates trade and renewed economic development

While it’s easy to think of trade corridors as something that came of age with the proliferation of motor vehicles (i.e. our interstate system), the phenomenon of trade corridors is not unique to North America during the twentieth and twenty-first centuries. There is a rich world-wide history of prosperity and success that has been credited to trade corridors, and a shared interest in infrastructure development globally. Asia, Africa, and Europe are currently undergoing development and re-development of trade and travel corridors. In Asia, the development of trade corridor infrastructure is necessary for meeting the demands of increased trade and economic growth. In Europe, the European Union is seeking to enter new markets, namely former Soviet Bloc countries, offering the EU renewed economic influence in this region. The global debate on Africa’s distraught economic picture—one of constant underdevelopment and one of poverty—is still present. Leaders inside and outside of Africa are looking for ways to pull the continent from the economic traps: one of the innovative ways to address these issues has been to invest in the development of trade corridors. Existing trade corridors in Eastern, Southern, and Western Africa have served as a model for increased trade, improved job conditions, and overall improved social and economic outlooks for the continent.
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Exploring trade corridors from a global context provides for a better understanding of Continental 1’s objective to create an influx of renewed economic interest and development in Western New York and Northern Pennsylvania.

This chapter will explore the following aspects of global trade corridors:

- The history of trade corridors globally and their impact on prosperity and economic development, including global definitions of trade corridors
- An overview of global trade corridors in Asia, Europe, Africa, and South America
- Lessons learned from history that have been applied to today’s global economy

The concept of trade corridors, as defined from the global standpoint in the next section, is one that is as old as the concept of trade. The earliest trade routes were the Silk Routes, or as they were known collectively, the Silk Road from China through Africa to the Middle East and Europe; these routes served as testaments to the prosperity and economic development that comes with investing in trade corridors. Today’s globalized economies continue to learn from such earlier models; attempts to revive the “old Silk Road”, dubbed as the “new Silk Road”, by giving a lifeline to cooperative trading between the Middle East, China and, to a certain extent, Africa, highlights the importance of trade corridors in economic development.

In *Africa’s Silk Road: China and India’s New Economic Frontier*, Annah Peterson underlines the importance of global-regional economic integration as essential to development and increased economic prosperity, with trade and trade corridors at the center to easily facilitate this relationship and realize economic potential. As Peterson notes: “World trade dynamics are shifting: actors are changing, as new centers of trade and finance are emerging in the global South; production processes are fragmenting, as partnerships between producers and buyers are diversifying into multilateral chains of production” (Peterson). In an interview with Global Investor Magazine titled “Africa as a Frontier
Market' in March of 2008, Harry Broadman of the World Bank speculates that this new economy, with emerging actors and evolving production processes, is the key to development in regions falling off the radar of international trade investment—specifically Africa.

Beyond developing economies, regional integration is essential to solidifying economic development. Canada is the U.S.'s biggest trading partner and the trade flow between the U.S. and Canada constitutes the heaviest in the world. In the context of U.S.-Canadian relations and beyond, regional integration depends on the effectiveness and efficiency of modes of transporting goods and services. In 2005, $790 billion in merchandise was transported between Canada, Mexico, and the United States; most of this was transported on roads (Bureau of Transportation Statistics, 2005).

As illustrated in this report, roads are the most widely used and efficient mode of transportation.

To add to today's economic relevance, transportation development and rebuilding the infrastructure for transportation is on the top of President Barack Obama's newly-formed administration. The official agenda from the White House states: “As our society become more mobile and interconnected, the need for 21st century transportation networks has never been greater...President Obama and Vice President Biden believe that America's long-term competitiveness depends on the stability of our critical infrastructure. They will make strengthening our transportation systems, including roads and bridges, a top priority” (White House, 2009).

The chart shown in Figure 1 illustrates North America's exports in comparison to other regions, as they were in 2005.
Figure 1: North America’s Exports vs. Global Exports
(source: World Trade Organization- World Trade Development in 2005)
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Methodology

Continental 1 has sought to capture different outlooks on trade corridors, including from historic and global perspectives, in order to develop a definition that is objective, direct, and accessible to the general public. In a review of the literature on the subject matter, it is apparent that the global definition of trade corridors has been varied and dynamic. The Silk Trade route studies clearly illustrate that the goals of Continental 1 have an historic basis, as the effectiveness of trade and transport corridor hundreds of years ago is similar to what is needed today.

Also presented in this report are cross examinations and mappings of trade corridors in regions of Europe, Asia, Africa, and Latin America. By mapping trade, transport, and travel corridors on a global level, Continental 1 seeks to locate U.S. Route 219 and the Continental 1 trade corridor as part of an international phenomena that is neither unique to North America nor the 21st century. This report will contain thematic groupings of trade corridors, i.e. certain similar patterns that occur in the world of global trade corridors that are relevant to today’s study of trade corridors; these themes will certainly be guiding forces that will not only be relevant to Continental 1’s efforts, but also globally. In addition to the classic issues of economic development, trade integration, and facilitation, others themes examined include:

- Green trade corridors
- Security issues and trade corridors
- Public safety
- Tourism

The chart shown in Figure 2 provides a snap shot of the studies conducted on global trade corridors.
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Defining Trade Corridors

There is no one definition of “trade corridors” that can be determined from the extensive literature written on the subject. This definition has been anything but static; trade corridors are often defined by the development of trade and shifts in global economic outlooks. The definition of trade and transport corridors has been altered by the different objectives and visions guiding particular organizations and academic institutions. This study underscores the various definitions of trade corridors presented to date. The atlas of defining trade corridors by governmental agencies, non-governmental/private, academic, and institutions will show the commonalities in understanding of the phenomena, as well as where differences may exist.

The following are the various definitions reviewed for this study:

- Michael Van Pelt (Van Pelt: 2003) and his team define “trade corridors [as] more than transportation infrastructures”. They write, “Therefore, we define trade corridors as streams of product services, and information moving within and through communities in geographic patterns according to a matrix or ‘culture’ of trade agreements and treaties, statutes, delegated
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legislation, and custom that govern and guide trading relationships, institutions, and structures”.

- “Corridors- A Theory of Urban Systems” is a theory developed by C.F.J. Whebell. In his seminal study on trade corridors and the theory of urban system, he defines corridors as a “linear system of urban places together with the linking surface transport media” (Whebell 1955). Here, the term corridor is proposed to denote a linear pattern of major towns joined by highly developed “bundles” of transport routes.

The hierarchy of corridors includes:

- Primary corridors which are seen to be those developing along “historical culture gradient, generally from coastal cities inland.” (Whebell, 1955).

- Secondary corridors, as outlined by Whebell, should be identified in terms of their origins and not according to mere traffic movements. The “Megalopolis” of the Eastern US comes under this category. As Whebell predicted, secondary corridors are of increasing significance to transportation trends in North America.

- In Stephen Blank’s “North American Trade Corridors: An Initial Exploration”, Blank studies the North American phenomenon in light of the deepening North American economic integration. Blank’s study contributes to the literature of trade corridors, as it serves to understand the trade and economic integration between the three North American states: Canada, the US, and Mexico. The “galaxy” of North American economic integration includes governmental bodies. This “galaxy”, as Blank describes, also includes non-governmental bodies, such as civil and business organizations. This study seeks to affirm the importance of the non-governmental interests: this is what Continental 1 defines as hybrid public-private organizations dedicated to economic development and further economic integration between the North American states. Blank writes “My sense is that we can best understand North American Trade Corridors as strategies developed by groups of business
and municipal (and sometimes states and even federal) government leaders to attract particular regions some of the increased flow of materials generated by deepening North American economic integration” (Blank, 2005). Blank further signifies the importance of the regional development organizations to spur development within a specific contiguous area and to improve transportation systems that connect “elements of clusters within that area and provide the clusters with access to outside markets”.

The next definition comes from a Commission on Transportation briefing paper prepared by Cambridge Systematic in 2007. This paper cites that there are four different ways of identifying and defining trade corridors. The Commission on Transportation also states that there is an objective in providing special definitions of trade corridors. Their definition is significant for future policies and funds allocation. Below are ways to identify “Corridors of National Significance”:

- “The first is as a unit of system or project analysis. When doing project planning and environmental documentation, the study will usually include transportation facilities and services parallel to and directly connecting to the transportation facility that is the primary element of study... Such corridors are typically not much more than a few hundred miles long for system planning analysis or a dozen or so miles long for project analysis. Project analysis may be for highways or public transit or other modes.”

- “The second is the many corridors are, in effect, brands.” As an example: 1-95 west of Boston, MA has been called the “New England Technology Corridors”

- “The third reason is that corridors may be thought of as the transportation connection between cities, between other important destinations, or even between other corridors”.


The fourth reason is that corridors are referred to in statute. For example, Congress designated corridors in section 1105 of the 1991 Intermodal Surface Transportation Efficiency Act (ISTEA).

The Organization of American States defines trade corridors as “geographic areas with undefined boundaries containing natural resources, economic and social infrastructure, and settled populations. These regions support existing urban growth and establish new relationships between dominant cities, economic development and rural areas. Trade corridors have at least three characteristics that distinguish them from simple groupings of cities connected by roads. Their production function, which makes basic goods and services available; their transformation function, which adds value to the basic goods and services; and their provision of access to national and international markets.” (Organization of American States).

The World Bank defines trade and transport corridors as follows: “Corridors have a physical and functional dimension. In terms of physical components, a corridor includes one or more routes that connect centers of economic activity. The routes are composed of links over which the transport services travel, and modes that interconnect the transport services. Gateways allow traffic with origins/destinations outside the corridor to enter or exit the corridor. Corridors provide transport and logistic services that promote trade among the cities and countries along the corridors, serving both passenger and freight traffic – having different characteristics of demand and required equipment. While our focus is on freight transport, the quality of transport and logistics services will be affected by passenger transport competing for route capacity. Corridors may have different development objectives; some are developed to promote economic development along the corridor (e.g. Maputo corridor, developed as part of a Spatial Development Initiative.) Others are developed to increase the activity of international Gateways at the end of the corridor (Kalahari Corridor, Port of Walvis Bay). Others again were developed to provide an international gateway for one or more landlocked countries. Still other corridors have been developed as part of a broader effort.
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to develop an economic area, and this may include extending to expanding an existing economic union (e.g. EU TEN T network expansion, TRACECA)." (Paulus Guitink: 2005) The following lists includes characteristics used by the World Bank’s for defining trade corridors¹:

1. Physical and functional dimension
2. Consists of links, nodes and gateways
3. Different corridor types: domestic, foreign, and transit corridors
4. Single mode vs. competing modes
5. Support economic growth and serve both passenger and freight traffic
6. Different development objectives

- Brian Slack, in the Geography of Transport Systems-Canadian study, poses the interdependence between geography and transportation: “Without transportation there would be no geography and without geography there would be no transportation” (Slack, 2005). In this study, “The Geography Transport System”, the definition of trade corridor is rightly deprived from an inseparable geographic character. Slack and his team write, “Transport corridors can be seen as backbones of transportation networks - linking major articulation points (e.g. hubs) - and towards which freight and passenger fluxes converge. Most often, they lie at the intersection of economic, demographic and geographic spaces as they perform both market-serving and market-connecting functions. Thus, the corridor as a notion is neither temporally nor spatially immutable, but rather dynamic, contingent on such key factors as economic context (e.g. trade liberalization), investments in infrastructures, and technological advances (e.g. information corridors)” (Slack, 2005).

¹ Presentation by Paulus Guitink on Trade and Transport Facilitation in South East Europe for the World Bank, June 2005
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Historical Basis for Trade Corridors: The Silk Road Trade

The history of trade corridors begins with the Silk Road that began in modern day China and ran through the Caucasus and Africa to the Middle East and Europe. The route serves as an example of a detailed mapping of goods and human capital through vast areas of land.

According to the modern encyclopedia the Silk Road, or Silk Route, is an interconnected series of ancient trade routes through various regions of the Asian continent, mainly connecting Chang’an (today’s Xi’an in China) with Asia Minor and the Mediterranean. It extends over 8,000 km (5,000 miles) on land and sea. Trade on the Silk Road was a significant factor in the development of the great civilizations of China, Egypt, Mesopotamia, Persia, Indian subcontinent, and Rome, and helped to lay the foundation for the modern world.

Studying the old route of the Silk Road is important to this study because it shows that trade corridors have been an ancient method of exchanging commodities and goods, and serve as an intercontinental method for transporting human services. In this study, the history of trade corridors becomes the focal point in viewing trade corridors as an old phenomenon that was integral to economic prosperity and the exchange of desirable goods such as silk, spices and gold. William Bernstein tells that captivating story of trade in his book *A Splendid Exchange: How Trade Shaped the World*. Below are few points that summarize the major themes on the old Silk Road:

- The ancient silk route was multi-modal; this is evident from the usage of land and ocean routes as illustrated in Figures 3 and 4.
  - One route runs through the Indian Ocean from China through the Malay Strait, Indonesia, Bay of Bengal, Sri Lanka to Socotra, the Gulf of Aden, through the Red Sea to Alexandria and to Europe.
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- The second method is inland through central Asia. (Bernstein 2008: 4)

- “Today, the most ordinary cargoes span such distance with only a modest increase in price. That the efficient intercontinental transport of even bulk goods today seems so unremarkable is in itself remarkable.” (Bernstein 2008: 5).

- Land transport was much more expensive than sea transport; thus, mile for mile, ground transport was ten times more expensive than maritime transport.

Figure 3: Map Illustrating Silk Trade Land Route
(source: http://upload.wikimedia.org/wikipedia/en/b/b9/Silk_Route_extant.JPG)
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The Silk Road and Arab Sea Routes (8th - 14th Centuries)

Figure 4: The Silk Road and Arab Sea Routes (8th—14th Centuries)
(source: wikimedia.org)
Figure 5: Global Transportation Network depicts the Inter-continental link
Figure 5 shows the main international transportation corridors between Europe, Asia, and the Americas, including sea lanes (dotted lines) and rail lines. The two main sea routes are through the Suez Canal between the Eastern Mediterranean Sea and the Red Sea, and around the Cape of Good Hope at the southern end of Africa. The Northern Sea Route along Russia’s Arctic coast figures in Russian plans. The 9,200-km Trans-Siberian Railroad was built over 100 years ago as the first Eurasian Land-Bridge; it has a more northerly, late-20th-Century parallel branch in Russia’s Far East, the Baikal-Amur Mainline (BAM). Currently under development are three more corridors: the European Union-initiated TRASECA lines into Central Asia; the North-South Corridor, a combined sea and rail route from India through Iran and into Russia; and the revived Silk Road, or second Eurasian Land-Bridge, which Russian rail experts call the Trans-Asian Mainline (TAM). The map shows the Intercontinental Link (Russian abbreviation TKM) across the Bering Strait, as projected construction.

Dr. Hsuan Feng writes, “Throughout history, trade route or trade corridor is the blood-line of intellectual and economic developments.” (Presentation by Dr. Feng, Windsor, Ont., 2005). One example is the establishment of solid networks of business coalitions along already existing trade corridors; these coalitions apply the methods of the old Silk Road. In a statement by the River of Trade Corridor Coalition (ROTCC), North American trade corridors were dubbed as the “Silk Corridor of the 21st Century.” According to this coalition, trade corridors are an excellent way to challenge the concept of isolationism. Equally important is the new vision of trade corridors as an economic and intellectual engine that helps integrate North America with the Globe. To summarize:

1. Trade corridors can stimulate economic and intellectual vitality.
2. A trade corridor of the 21st century will be the result of KNOWLEDGE ECONOMY.
3. River of Trade Corridor Coalition can be the 21st century Silk Corridor.
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Let’s revisit Whebell in “Corridors: A Theory of Urban Systems”. This study establishes trade corridors as a concept that has been “very persistent historically”. Furthermore, corridors form one of the “major types of urban systems in the New World”. The significance of trade corridors is that in each stage of economic development in history, changes have always been noticed along trade corridors (Whebell, 1955). “In general, the development of a corridor-centered economic landscape can be described in five cumulative historical stages: initial occupancy, commercial agriculture, railway transport, motor transport, and metropolitans. In each stage, the innovations diagnostic of changes in the economic system appears first in corridors, and diffuse outwards in a sequential pattern termed a cultural gradient”. Whebell reviewed the Southern Ontario region as a case study for historicizing trade corridors. He writes, “Corridors are very persistent historically, and they form one of the major types of urban systems in the New World”. Whebell, thus, shows that trade corridors had been a major method of transporting goods and services in the early years of Canadian trade, just as they are today.

Mapping Global Trade Corridors

In order to clearly understand trade corridors in a global context, they must be mapped. This greatly contributes to the view of trade corridor as instrumental to the facilitation of trade and the development of economic prosperities. Trade corridors are agents of economic integration between countries and trading blocs around the world. One needs only to look at the European Union, the North American states (NAFTA), to name few, to understand the importance of regional integration. Trade corridors not only facilitate intra-state economic development, but also inter-state trading relations.

This section will generally map the global phenomenon of trade corridors. It will also take into consideration the potential for transport to support logistics services in major trade corridors. Included in this section are the revival of the Silk Road from China to Europe, the North East West corridor from the Far East to North
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America, the North American Land Bridge, the Transport Corridor Europe Caucasus Asia (TRACECA), the Trans-Asian Railway, the north-south axis that emerged within railways of the North American Free Trade Agreement, and the Trans European Rail Freight Freeways, to name a few.

Modernization and globalization, as echoed by the International Road Transport Union (IRU), leads to a “dramatic increase not only in customer demand and competition but also in trade and road transport” (IRU, 2005). This trend is accompanied by huge discrepancies in knowledge, availability of raw materials, and social costs between liberalized national economies. However, it is possible to build solidarity through economic cooperation. Success of this venture involves drafting policies that envision integrated trade, laying the infrastructure, and investing in trade corridors that will lessen gaps and bring economic benefit to many.

Transportation can enhance communication, enhance links to the outside world market, promote space integration, link economies and trade, and push social progress. Transportation has become the foundation of order stabilization in the civilized society. “Transportation is indispensable to the economic development of the human society in agricultural, industrial, or even knowledge-economy based on post-industrial society” (Journal of Transportation Systems Eng & IT, 2007, 7(1), 1-11).
Europe, Economic Integration and the Role of Trade Corridors

Europe, and in particular the European Union, is an increasing heavyweight in the international arena of trade and fostering economic ties that benefit the region. In the developing European nations of the former Soviet Union, particularly in the new economically liberalized countries of Eastern Europe, there is an increasing emphasis on the economic development of the region. This has been a priority of World Financial Institutions such as the World Bank. In 2006, the World Bank had dedicated millions of dollars to the development of Croatia and the facilitation of greater economic integration with the European Union. In a press release date November 14, 2006, the World Bank's Board of Executive Directors announced the approval of a new loan to Croatia in the amount of $75.3 million U.S. for the Trade and Transport Integration Project. This comes as part of an aid package spearheaded by the EU to jump start the economies of countries new to the globalized market² (World Bank, 2006).

The critical years following the dismantling of the former Soviet Union were known to be years of uncertainty for the newly independent states of the Caucasus in Central Asia, as well as for the fragile states of Eastern Europe. Beginning in 1993, an initiative seeking to link the European Commission and the governments of the new countries had been signed. The objective had been to support the integration of the new countries into the international economy by improving and enhancing trade and transport, bring economic development to the region, and mutually benefit the economies of the member states of Transport Corridor Europe Caucasus Asia (TRACECA).

The EU Tacis - TRACECA is dubbed as an ambitious interstate program aimed at supporting the political and economic development in Black Sea Region, Caucasus and Central Asia by means of improvement of the international

² The information above is from the following World Bank press release in November 14, 2006 “Croatia: Key International Croatian Port and Trade Corridor to Develop Further with Assistance from World Bank” Washington, D.C.
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transport. The program objectives were formulated in 1993 at the Conference in Brussels (Brussels Declaration, 1993) by the European Commission and the Governments of Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan to support their integration into the international economy by improving and enhancing trade and transport. Section from (EU Tacis TRACECA).

In the period from 1996 to 1998, Ukraine and Moldova also joined this programme. In 2000 Bulgaria, Romania and Turkey officially applied to the European Commission with a request to join TRACECA programme. Now these countries are also members of TRACECA programme.

Today the TRACECA programme encompasses thirteen countries: five countries in Europe, three Caucasian states and five countries in Central Asia, each has a unique history, culture, language, political and economic system. The programme in itself is being advanced as a self sustainable tool in trade facilitation and the integration of the economies of the TRACECA member states into the world markets supported by TRACECA organisational development and its further institutionalization. (www.tracea-org.org)
The transport corridor TRACECA is the renaissance of the Great Silk Road (Silk Road). The corridor starts in the Eastern Europe (Bulgaria, Rumania, Ukraine) and also crosses Turkey. There are routes passing the Black Sea to the ports of Poti and Batumi in Georgia, further using transport networks of the Southern Caucasus, and a land connection towards this region from Turkey. From Azerbaijan, by means of the Caspian ferries (Baku – Turkmenbashi, Baku – Aktau), the TRACECA route reaches the railway networks of the Central Asian states of Turkmenistan and Kazakhstan. The transport networks of these states are connected to destinations in Uzbekistan, Kyrgyzstan, Tajikistan, and reach the borders of China and Afghanistan.
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Development of a new transport corridor provides for efficient transportation possibilities to accommodate rising freight flows from the Asian–Pacific region to destinations in the Central Asia Caucasus and Europe. This also allows for the opening and enlarging of markets in the TRACECA countries and connects them to the trans-European Networks.

Currently, new roads and railways are being built along the whole length of the TRACECA corridor. New bridges, ports and other transport infrastructure are being constructed, accompanied...
by simultaneous rehabilitation of the existing roads and railways, as well as bridges and ports. Corresponding, unified regulatory basis and tariff rules are being developed. TRACECA countries are joining the international conventions and agreements. Transport infrastructure necessary for the development of multimodal transport is being established, supported by adequate capacity building that is required for professional international transportation.

Figure 8: The Rail Core Corridor Rotterdam-Constanza
(Source www.retrack.eu/.../about_project_objectives.php)
Asian Trade Corridors

Asia is the birth place of trade corridors, and therefore serves as the original study point in the history of trade corridors. Its present and future are impressive as well, with Asian trade corridors as a major player in reviving the old silk trade routes to their original glory and prosperity. China stands at the center of this renewed focus on trade corridors. Eight important trade and travel corridors link the economic giant China to important regions. Russia, the Caucuses, the Middle East and Europe are all linked to China as illustrated in the map shown in Figure 9 and the table shown in Figure 10.

Figure 9: Asian Highway Route Map (source-United Nations, 2004)
While China is the major player, one shouldn't ignore the importance of linking trade and facilitating intra-country and intra-continent economic integration when studying trade corridors in the region. As noted earlier, the Silk Road provides the nostalgia of trade prosperity and the epitome of trade activity diffusion; it is no surprise to see many talks of reviving the old Silk Road as a driving force in the policies pertaining to the development of regional transport routes, such as:

- The North-South trade corridor linking Russia and the Caucasus states to lower Asia and Asia Minor
- Multi-modal trade corridors extending from Africa to China
- Transport corridors in development to facilitate trade between the Middle East (namely Dubai) to China (GeoStrategy, 2008)

An article from GeoStrategy (“The Africa-Asia Trade Corridor: Dubai, The Gateway to the Economic Development”) illustrates the working negotiation towards the development of an Africa-Asia Trade Corridor in which Dubai will play a crucial role as the gateway and the intermediate region between the two continents. (GeoStrategy, 2008).

Several corridors in Asia are significant due to their inter-regional nature. They are not only connecting two or more hubs,
but they are designed to connect the economies of more than one region. The following are the major corridors in Asia, including a brief description and/or map of their routes.

**North-West Corridor**

The North-West Corridor is on the map of Asian trade corridors for the importance of its location and its striking resemblance to the old Silk Trade Road. It extends from Pakistan to China.

**North-South Trade Corridor**

![Figure 11](source-eurasianet.org). The proposed development of such a corridor would extend the Helsinki-Petersburg-Moscow trade corridor across the Caspian Sea to Iran and India.
The East-West Economic Corridor

Figure 12: Map of East-West Economic Corridor links Lao PDR, Myanmar, Thailand, and Vietnam (source: loabaotrade.gov.vn).

Trade Corridors in Africa: Moving Towards Development

The development of trade corridors in Africa—-as aid in the form of investments to build infrastructure and lay the foundation for trade corridors and transportation—is the key strategy to addressing the economic integration and development issues faced by this impoverished continent.

To facilitate and foster mechanisms adequately prepared to fund transportation infrastructure projects in Africa, several initiatives have been established and dedicated to this issue. The Business Climate Facility received funding from the European Development Fund. The African, Caribbean and Pacific states’
(ACP) Business Climate Facility has been established to provide technical assistance and improve the business climate in Africa, the Pacific, and the Caribbean. Biz Clim, Business Climate Facility, encourages the investment in and funding of transportation infrastructure to help promote trade and improve the business climate in the region. Biz Clim supports the development of trade the Western region of Africa. “The Trade Corridor will help accelerate the economic integration of the ECOWAS-Economic Community of West African States region” (Biznews, 2008).

In April, 2008, workshops in held Abuja brought together 40 participants from ECOWAS (Economic Community of West African States) to discuss pragmatic steps towards solidifying economic cooperation and real economic integration. The most visible outcome of these workshops and roundtables was the promotion of the Abidjan-Lagos corridor. The aim in establishing the Abidjan-
Lagos corridor is to “make it a friendly as possible route for trade and movement of people. Since then, studies and discussions have sought to tailor and adapt measures and actions to the requirements of a fluid and hustle free corridor.” (Biz News, Spring/Summer 08).

According to Biznews, the European Union newsletter dedicated to this initiative, “Undoubtedly, advancing the proposed Trade Corridor will plunge Africa into an irreversible, but sustainable path to economic and business, social and political integration, and, as a result, the attainment of the Millennium Development Goals” (Biz News). The importance of trade corridors in the economic development of countries—and more importantly regions—is clear. In the case of Africa, trade corridors stand as the answer to resolving the underdevelopment of the continent and thus putting Africa on the road towards economic sustainability and independence; this will open the doors to global trade opportunities and allow the continent to become an important trading actor in the global market.

More than viewing trade corridors as solely a strategy of investing aid money, there is a trend in which trade and transport corridors are becoming a tactic of bottom up socio-economic development undertaken by African regional organizations. These regional organizations were formed on the belief that economic development is crucial to ending the continent’s grave socio-economic and political woes. Therefore, they actively pursue a policy of encouraging public and private investments in transport infrastructure and trade corridors. These regional organizations are compromised of the Southern Africa Development Community, Economic Community of West African States, East Africa Community and Common Market for Eastern and Southern Africa (COMESA), all of which had been founded by countries seeking to increase trade facilitation and economic integration.

A June 23, 2008 article from the World Bank titled, “World Bank Supports Transport Improvements in West Africa” stresses the importance of building trade corridors as a means to regional development. “The three-country project” supports the NEPAD (New Partnership for Africa’s Development) transport agenda of
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trade corridors without borders and barriers in order to facilitate trade and promote economic integration in the sub-region. The project also supports the objectives of the first phase of the Community Action Plan for Road Infrastructure and Transport (PACITR) and West Africa Economic and Monetary Union (WAEMU).

The link between economic development, consolidated freedom and stabilized democracy is crucial in the African context. Trade corridors are seen in this light as the forefront strategy in achieving economic prosperity. The World Bank specifies that, “the trade corridors between Africa and Asia are growing rapidly. Trade between Africa and Asia exceeded $120 billion in 2007; India, Japan and Korea accounting for over $45 billion. Trade between Africa and China alone has soared to a staggering $75 billion.” (World Bank, 2008)

Trade corridors in Africa help better position the continent in the middle of global trade by economically developing the states of Africa, forming trade partnerships, and linking the continent through real economic integration. The table shown Figure 14 is a summary of African trade corridors in Southern, Eastern and Western Africa.

The information was obtained from the Southern African Development Community website; the Continental 1 team found this site to be exceptional in providing concise information on trends trade corridor trends in Africa over the past few years.
### Global Trade Corridors: Africa

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*Figure 14: Summary of African Trade Corridors and Their Key Characteristics*
South American Trade Corridors

Directly linked to trends and patterns occurring in North America, Latin America has also been in the spotlight for agendas to promote economic integration in the Western Hemisphere (see Figure 15).

Figure 15: Map of South American Transport Corridors (source: www.nuestromar.org)
The Organization of American States (OAS) is a regional organization that seeks to encourage research and development of trade corridors, as well as build transportation infrastructures that help stimulate trade and integration between its countries. One initiative is the Trade Corridor Development and Transportation Sector Vulnerability Reduction; developed by the Office for Sustainable Development and Environment (OSDE), this initiative focuses on both trade corridor development and environmental sustainability.

Boske (2000) and Keeling (2008) both agree on the importance of transport and trade corridor investment in Latin America. Particularly in South America, infrastructure neglect has been attributed to the conflicts between the countries in the region. Much like Africa, transportation infrastructure in Latin America has been proposed as a tool for regional integration and economic development. This has been referred to as the South America “cohesion” by Keeling. This is part of a larger trend of economic cohesion, a policy pioneered by the European Union that aims to establish pragmatic policies that work towards economic integration; this is becoming the guiding theory for development in Latin America as well as in Africa. Socio-economic development has taken an increasingly bottom up approach.

The table in Figure 16 summarizes the state of transport corridors development in South America as cited in David Keeling’s “Latin America’s Transportation Conundrum”.
Lessons Learned: Trends and Themes in Global Trade Corridors

The study of global trade corridors highlights the fact that trade corridors are present everywhere in the world. From the advanced economic centers of Europe, the Indian sub-confinelement and China, to the developing and less prosperous regions of the Caucasus, Asia Minor, sub-Saharan Africa, and Latin America, there are certain trends in the world of transportation. The international nature of transport and trade corridors underscores their importance to regional trade integration. Figure 18 charts the similarities between trade and transport corridors in different regions of the world, while the diagram presented in Figure 19 lays forth four themes and global trends analyzed while conducting the study on global trade corridors. This diagram will provide a catalyst for understanding the overall picture of trade corridors in terms of the guiding themes that will lay the foundation for additional future research by Continental 1.
## Appendix 1: Global Trade Corridors

### Overview

<table>
<thead>
<tr>
<th>Corridor</th>
<th>Region</th>
<th>Characteristic</th>
<th>Funding Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trans-Kalahari C.</td>
<td>Africa</td>
<td>Economic Dev.</td>
<td>Government, Private, World Bank, Aid</td>
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<tr>
<td>Novadutra</td>
<td>Latin America</td>
<td>Econ. Dev, Trade Integration</td>
<td>Government, Private</td>
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<td>North/South C.</td>
<td>Asia</td>
<td>Trade Integration, Econ. Dev.</td>
<td>Public/Private Partnership</td>
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<tr>
<td>North/South C.</td>
<td>Africa</td>
<td>Trade Integration</td>
<td>Public/Private Partnership-sub-regional organizations initiatives</td>
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<tr>
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<td>Asia</td>
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<td>Government Public/Private</td>
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<tr>
<td>TRACECA</td>
<td>Europe</td>
<td>Trade and Economic Cohesion</td>
<td>Government/Public/Private</td>
</tr>
</tbody>
</table>

Figure 18: Brief Overview of Global Trade Corridors
Appendix 1: Global Trade Corridors Overview

There are no definitive conclusions that can be made from the study of global trade corridors. Instead, it is important to keep in mind the interconnectivity and the interdependence of our world today and to look at our local economies with a global lens in order to adequately understand the realities.

Figure 19: Diagram of Global Themes in Trade Corridor Development