

IEO 2025 BUSINESS CASE

The Caspian Connector:
Evaluating the Economic Viability
of a Bridge Between Azerbaijan
and Kazakhstan



INTERNATIONAL
ECONOMICS
OLYMPIAD



CASE BACKGROUND

As the volume of goods moving from China to Europe and the rest of Asia has risen sharply in recent years and because many of those goods are essential to the day-to-day operations of firms along the route, the need for fast, reliable, and secure transit has become a strategic priority for both China and its trading partners. In response, Beijing launched the Belt and Road Initiative (BRI), a portfolio of infrastructure and policy projects aimed at streamlining and expanding the flow of cross-border trade.

China's Belt and Road Initiative (BRI) envisages three broad Eurasian land arcs: the Northern Corridor (through Russia), the Southern Corridor (through Iran and the Persian Gulf), and the "Middle Corridor," which crosses Kazakhstan, the Caspian Sea and the South Caucasus before reaching Europe.

The Middle Corridor is an advantageous route for carriers by reducing travel time by 15 days compared to traditional sea routes. It also presents significant opportunities for cargo movement across Asia, enabling goods to reach the Middle East, North Africa, and the Mediterranean region through integrated port connections in Türkiye. Beijing now explicitly lists the Trans-Caspian International Transport Route (TITR) as a BRI branch and has provided concessional finance for upgrades at Aktau, Kuryk and Alyat ports as well as for rolling-stock on the Baku–Tbilisi–Kars railway.

The Middle Corridor's strategic value has increased substantially in recent years. Since the beginning of the Russian-Ukrainian conflict (February 2022), the northern corridor has become politically risky for many Western shippers and insurers. Additionally, U.S. and EU sanctions continue to deter global shipping lines, banks, and insurers from routing cargo via Iran, and pushing more traffic toward the Caspian link instead.



The Caspian Sea lies at the crossroads of Europe and Asia and is bordered by five countries: Azerbaijan, Kazakhstan, Russia, Turkmenistan, and Iran.

Among these, Azerbaijan and Kazakhstan are strategically positioned to become central players in the emerging Middle Corridor—a trans-Eurasian trade route connecting China with Europe via Central Asia and the South Caucasus.

CASE BACKGROUND

Despite shared economic interests and increasing trade volumes, logistics between Azerbaijan and Kazakhstan remain constrained. Currently, goods and passengers are transported via ferry services between Alat Port (Azerbaijan) and Aktau or Kuryk Ports (Kazakhstan). This method is slow, vulnerable to weather conditions, and limited in capacity. Moreover, the greatest delays in the route are associated with intermodal transfers of goods in ports and insufficient capacity on specific railway sections

On top of that, the Caspian Sea is shrinking rapidly. Due to climate change and reduced river inflow (mainly the Volga River), its levels are dropping by up to 7 cm per year. Scientists predict that by 2100, the Caspian could shrink by more than 9 meters, drastically altering the coastline. All these facts will affect the work of ports and create substantial risk for their operations.

In light of these inefficiencies and risks, policymakers are now weighing a fixed trans-Caspian link—whether a bridge, tunnel, or causeway—between Azerbaijan and Kazakhstan. Current thinking favors a bilateral joint-venture operating company, co-owned by the two governments, that would finance construction and recoup its investment through tariffs levied on cargo and vehicles using the crossing. This case study explores whether such a project is economically and strategically viable.

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PROJECT CONCEPT SUMMARY

- **Proposed Structure:** Multi-modal bridge or tunnel supporting both freight rail and road transport
- **Distance:** Approximately 300–370 kilometers
- **Route Options:**
 - From Azerbaijan: Alat (south of Baku, economic and logistics hub)
 - To Kazakhstan: Aktau (major port city) or Quryk (newer, modern port terminal)
- **Expected Function:** Facilitate uninterrupted overland transport along the Middle Corridor
- **Project Nickname:** “The Caspian Connector”



KEY COUNTRIES INVOLVED

AZERBAIJAN

- **Population:** ~10.1 million
- **GDP (2024):** ~\$79 billion USD
- **Strategic Interests:** Regional logistics hub, oil & gas exports, trade with Türkiye and EU
- **Key Infrastructure:** Alat International Sea Trade Port, Baku–Tbilisi–Kars railway

KAZAKHSTAN

- **Population:** ~19.6 million
- **GDP (2024):** ~\$260 billion USD
- **Strategic Interests:** Export diversification, access to Western markets, Belt & Road integration
- **Key Infrastructure:** Port of Aktau, Kuryk Terminal, Trans-Kazakhstan railway

OBJECTIVES OF THE CASE

You have been appointed as a team of strategists by a multilateral regional consortium interested in evaluating the economic viability and strategic value of a fixed link across the Caspian Sea. Firstly, your task is to assess whether establishing a bilateral Azerbaijan-Kazakhstan joint-venture operating company would be profitable. More broadly, determine whether this structure is the most effective way to finance, build, operate, and maintain a fixed link across the Caspian Sea. Additionally, your task is to conduct a comprehensive evaluation of the proposed "Caspian Connector" project, that is to evaluate if such a project is worth pursuing from the standpoint of economics, trade, investment, logistics, environment, and regional development.

(Engineering design and detailed technical specifications remain outside the scope).

GUIDING POINTS FOR ANALYSIS



1. ECONOMIC AND LOGISTICAL VIABILITY

- What are the direct and indirect economic benefits and costs of building a bridge between Azerbaijan and Kazakhstan?
- How would this link impact trade volumes, transit times, and transportation costs in the region?
- What is the estimated payback period and return on investment for the two countries?



2. IMPACT ON REGIONAL AND GLOBAL TRADE

- What role would the Caspian Connector play in the Middle Corridor and China–Europe connectivity?
- Could it serve as a viable alternative to northern routes via Russia or maritime shipping through the Suez Canal?



3. ENVIRONMENTAL, LEGAL, AND TECHNICAL CONSIDERATIONS

- What are the potential environmental concerns related to building across the Caspian Sea?
- How do international treaties (such as the 2018 Convention on the Legal Status of the Caspian Sea) affect the feasibility of such a project?
- What legal or regulatory frameworks must be addressed before construction?



4. FINANCING AND STAKEHOLDER MANAGEMENT

- What financing models could be used (e.g., government funding, PPP, foreign investment)?
- Which institutions (e.g., World Bank, AIIB, EBRD, Belt & Road Initiative) could be approached for support?
- Who are the key stakeholders, and how should their interests be managed?



5. ALTERNATIVE SOLUTIONS

- If the bridge proves too costly or unfeasible, what are other ways to improve Azerbaijan–Kazakhstan connectivity across the Caspian Sea?

DELIVERABLES

Your team is expected to submit a strategic case report addressing the above areas.

Your report should include:

- Executive summary (1 page)
- Structured analysis based on the assignment questions
- Economic models or trade flow analysis (if applicable)
- Recommendations and conclusion

Optional (Bonus): You may include data visualizations, charts, or proposed route maps to support your arguments.

ADDITIONAL NOTES

- You may use real-world infrastructure comparisons to benchmark your analysis.
- Consider both short-term and long-term impacts.
- Your audience includes regional governments, development banks, and potential private investors.

TECHNICAL REQUIREMENTS

Business Case Exam consists of two parts:

- **Preparation:** July 24th, 19:59 (UTC) to July 25th, 19:59 (UTC);
- **Presentation:** July 26th

Business Case competition requires an **oral presentation** of the solution, accompanied by slides. The presentation must be in English.

When presenting, you will have **10 minutes for an oral presentation** and **10 minutes for a Q&A session**.

While solving the case, contestants may use **any materials (online/offline)**, however, **it is prohibited to contact any person outside of the team for assistance**.

Team Leaders are also **not** allowed to assist the contestants.

SLIDES FORMAT

- The presentation slides have to be in **landscape orientation** with an **aspect ratio of 16:9** and **saved as PDF**.
- No videos or animations are allowed. The presentation file size can not exceed **20 MB**.
- The **file name should include the word "BC" and the name of the team** (e.g. BC_Azerbaijan.pdf) and should be uploaded to the corresponding task at the IEO examination platform contest.ieo-official.org.

The presentations must be submitted **by 19:59 (UTC) on July 25th, 2025**. No changes to the slides are allowed after this deadline, but updated versions can be sent before the deadline several times: the latest version sent before the deadline will be used for the presentation.

EVALUATION CRITERIA | PART 1

Criteria (1-10)	Exemplary (Score 9-10)	Advanced (Score 7-8)	Proficient (Score 5-6)	Developing (Score 3-4)	Beginning (Score 1-2)
Analytical Thinking					
1. Understanding of the Problems	Nuanced understanding of the problems and challenges faced by various stakeholders.	Comprehensive understanding of key problems.	Adequate understanding, covering main problems but lacking depth in some areas.	Limited identification of key problems.	Little to no identification of key problems.
2. Information Collection and Synthesis	Exceptional ability to synthesise complex data. Uses advanced analytical methods to derive insights that are directly applicable to solving the problems.	Thorough data synthesis with high competence. Interprets data accurately and presents findings that are relevant to the problems and support the strategic plan.	Adequate synthesis of relevant data. Offers general insights that are used to support some aspects of the strategic plan.	Shows basic data synthesis skills with limited interpretation. Provides a superficial understanding of how data relates to the problems.	Minimal or incorrect use of data. Lacks a meaningful connection between data synthesis and the problems.
3. Analysis of the Current Market Condition, Trends and Challenges and the Needs of Various Stakeholders	Deep understanding of the market condition, trends and challenges with thorough and insightful analysis using diverse data sources.	Comprehensive analysis identifying main market condition, trends and challenges.	Adequate analysis that covers main market condition, trends and challenges but lacks comprehensive detail.	Superficial analysis with limited identification of the market condition, trends and challenges.	Insufficient analysis with little to no real insights.

EVALUATION CRITERIA | PART 2

Criteria (1-10)	Exemplary (Score 9-10)	Advanced (Score 7-8)	Proficient (Score 5-6)	Developing (Score 3-4)	Beginning (Score 1-2)
Conceptual Thinking					
4. Development of Comprehensive and Realistic Solutions and Recommendations	Well-structured solutions and recommendations. Clear explanation of how the earlier analysis influences strategic decisions, with robust evidence.	Well-developed solutions and recommendations addressing key aspects. Shows how the earlier analysis have guided the formulation of recommendations with clear evidence.	Partially developed solutions and recommendations. Some connections between the earlier analysis and the recommendations but may lack depth or detail.	Lacks depth and fails to address some key aspects. Recommendations are somewhat informed by data, but explanations and connections are not thoroughly articulated or are overly simplistic.	Poorly developed solutions or recommendations. The earlier analysis does not support or contradict the proposed solutions or recommendations.
5. Innovative and Creative Solutions	Creative and innovative solutions that are practical and best suit the situation.	Well-thought-out solutions with good creativity and innovation.	Offers standard solutions with certain extent of creativity and innovation.	Solutions lack depth and creativity.	Offers generic or impractical solutions.
6. Validation of Assumptions	The underlying assumptions are reasonable and realistic. Makes good business senses.	The underlying assumptions are reasonable and realistic and make business sense.	The underlying assumptions are reasonable and realistic.	Incomplete analysis with significant gaps.	Insufficient analysis with major inaccuracies.

EVALUATION CRITERIA | PART 3

Criteria (1-10)	Exemplary (Score 9-10)	Advanced (Score 7-8)	Proficient (Score 5-6)	Developing (Score 3-4)	Beginning (Score 1-2)
Quantitative Thinking					
7. Modelling Accuracy & Conceptual Rigor	Calculations are flawless and perfectly reconciled. Excellent use of financial and economic concepts	Only minor, immaterial issues exist; Good use of financial and economic concepts	A few calculation or linkage errors appear, but core outputs hold; several fundamental financial-economic concepts are used correctly, albeit with limited justification of assumptions.	Repeated errors and broken links undermine confidence, with reliance on a narrow or misapplied set of financial-economic concepts and weakly supported assumptions.	Widespread inaccuracies and missing or incorrect financial-economic concepts render the model unreliable, driven by arbitrary, undocumented assumptions.
Communication Skills					
8. Clarity and Organization of Presentation	Engaging and well-structured presentation with compelling visuals and clear narratives.	Clear and persuasive presentation with relevant visuals and well-supported arguments.	Adequately communicates findings with appropriate visuals.	Somewhat organized but lacks clarity in communication.	Poorly organized and fails to effectively communicate key points.
9. Delivery and Communication Skills	Exceptional delivery with strong engagement and professional demeanor.	Very good delivery; maintains audience interest throughout.	Adequate delivery but could improve in engaging the audience.	Shows nervousness; lacks clear communication strategies.	Poor delivery skills and fails to communicate effectively
10. Team Collaboration and Problem Solving	Demonstrates exceptional teamwork, with each member contributing significantly and collaboratively to solving complex issues.	Effective teamwork with clear division of roles and collaborative problem-solving evident.	Adequate teamwork with some collaboration but occasional lapses in coordination.	Limited teamwork, with members working somewhat independently without much collaboration.	Poor teamwork with little to no effective collaboration or problem-solving.