



## NEW G7 APPROACH TO ECONOMIC CORRIDORS

In their ambition to reinforce their partners' economic prosperity and sovereignty, G7 members support a new strategic approach to economic and development corridors for greater mutually beneficial impact, through the G7 Partnership for Global Infrastructure and Investment (PGII).

Corridors are integrated networks of infrastructure connecting key regions that, when strategically pursued, drive trade, investment and development. At the Pescara ministerial meeting in October 2024, G7 members reaffirmed their commitment to de-risk and drive coordinated investments in strategic economic corridors, which requires quality infrastructures maximizing the impact of complementary projects and catalyzing additional private sector investment.

Supply chains face increasing challenges. Natural disasters and conflicts have increased pressure on key corridors and supply routes. Facing pressing global challenges, notably disruptions in global value chains, emerging markets and developing economies need to be better integrated with their regional neighbours, and better equipped to engage in public-private partnerships. At the same time, there is consensus that policy reforms and regulatory aspects, for instance on trade facilitation, are an essential driver for corridor performance.

To respond to these challenges, **the G7 supports a new comprehensive approach to economic corridors shifting the focus towards economic integration and high impact investments:**

- **G7 members support corridors as a long-term partnership and investment** driving economic growth, connecting people and generating positive social and environmental dynamics tailored to local needs over the decades to come.
- **Through these partnerships, G7 members aim at dynamizing strategic and job-creating industries**, such as the agro-industry, manufacturing and pharmaceutical industries, and reinforce key sectors for competitiveness, local value creation and economic resilience such as energy, transport and logistics, critical mineral and digital connectivity.
- **These partnerships support a networked approach to enhance transport route diversification and reduce dependence to single access pathways.**

- **These partnerships apply a dual approach and support both a conducive governance environment**, with a focus on the rule of law, macro-economic stability, trade facilitation, domestic resource mobilisation, accountability and transparency and the preparation of bankable infrastructure projects.

G7 members therefore concur on implementing **common principles** of mutually beneficial partnership, development, private capital mobilisation and fair competition, regional integration, and use of advanced technologies.

Building on the achievements since the Pescara G7 ministerial meeting, G7 partners commend the successes of **flagship economic corridors, and commit to advancing this approach in other regions.**

### Flagship Corridors

**The Lobito Corridor** is a major economic corridor connecting the port of Lobito in Angola to the Katanga province in the Democratic Republic of the Congo and the Copperbelt province in Zambia. This series of strategic G7-supported private and public investments is designed to drive economic development along a network of existing and planned rail lines connecting Angola, the DRC, and Zambia, creating a western access route to the Copperbelt and new logistics opportunities for agriculture and local and cross border development in the region. The Lobito Corridor includes complementary investments in energy, mining, and other critical infrastructure that will greatly improve the cost efficiency and speed of transporting copper and other critical minerals to global markets and improving regional agriculture logistics. The Lobito Corridor is delivering economic growth opportunities in transport and logistics, agriculture, digital technology, energy, and mining.

**The Luzon Economic Corridor**, launched in April 2024, aims to enhance connectivity between Subic Bay, Clark, Manila, and Batangas in the Philippines, accelerating coordinated public and private investments in transport and logistics infrastructure, energy, digital connectivity, semiconductor supply chains, and agribusiness across the island of Luzon, which accounts for 40-50 percent of the Philippines' population and economic activity. This initiative is expected to significantly impact critical industries like semiconductors by reducing logistics and energy costs and fostering a favourable policy environment.

**The Trans-Caspian Transport Corridor** (TCTC), also known as the Middle Corridor, is a trade route that spans the Central Asian steppe, the Caspian Sea, and the Caucasus mountains linking the regions to international markets. The TCTC has emerged as a critical alternative for Europe-Asia transportation, particularly in light of geopolitical shifts and the resulting disruptions to traditional trade routes. A fully operative TCTC has the potential to transform trade within and across Eurasia while ensuring improved

connectivity and cooperation, as well as economic growth in Central Asia. The corridor is expected to deliver a 50% reduction in freight transit time and up to three times increase in trade flows by 2030, according to World Bank modelling.

### **Other key corridors include:**

**The Abidjan-Lagos Corridor** connects six ports, major capitals and economic hubs, and some of the busiest borders in the region. The corridor accounts for 75% of commercial activity in West Africa. Spanning along a 1,028 km long cross-national road, it is intended to become a key economic and industrial driver. The African Development Bank Group plays a pivotal role in the preparation phase and helped identify numerous interventions requiring approximately \$6.8 billion in investment, from renewable energy to manufacturing and agriculture. These interventions are expected to generate \$16 billion in economic impact. Several G7 members notably supported soft measures on transport facilitation and trade facilitation, notably to modernize border posts, harmonize transit regulation, and digitalize logistics and energy connectivity.

**The India–Middle East–Europe Economic Corridor (IMEC)** produces tangible benefits for emerging markets and developing economies notably in Asia and the Mediterranean space. IMEC includes two primary routes: an eastern route connecting India to the Middle East via the Arabian Sea and a western route connecting the Middle East to Europe via the Mediterranean Sea. This project envisions greater connectivity and improves multimodal transportation by integrating ship-to-rail transit, developing green energy infrastructure, and enhancing digital connectivity. IMEC, as a network of routes connecting multiple logistics hubs, maximizes redundancies and supply chains resilience.

## Attachment – Common principles on a renewed approach to economic corridors

G7 members will promote connectivity and industrialization through a renewed approach to corridors, considering the following principles:

### *1 – Economic corridors are rooted in mutually beneficial partnerships:*

- **They support shared growth**, increase access to global value chains, foster economic cooperation rooted in widespread prosperity and increased standards of living.
- **Economic corridors deliver tangible benefits for local communities and economies.** They are anchored in local needs and market realities so as to improve equal access to infrastructures, strengthen local value chains, contribute to decent job creation and access to essential services, including health and education.
- **Economic corridors foster the economic resilience of partner countries by strengthening their regional connectivity and industrialization.** They act as hubs for economic activity, innovation, long-term private sector investment and wellbeing of populations.
- **G7 partnerships should contribute to the development of corridors.** These partnerships should rely on a strong national leadership, based in national planning and budget processes, a realistic sequencing of project pipelines, mutually agreed approaches combining transparent support with catalytic policy reforms, and private sector engagement in the programme, including SMEs and local enterprises. These partnerships should also ensure coordinated project preparation, a clear division of labour, prioritisation of major bottlenecks, maximisation of impact, and promotion of economic integration. Where possible, these partnerships should leverage country-led platforms and coordination mechanisms to align corridor development with other interventions.

### *2 - Corridors need to adhere to high standards to become key drivers of economic growth and development:*

- **Corridor projects aim to apply the G20 Principles for Quality Infrastructure Investment**, namely the need to maximize the positive impact of infrastructure, to raise economic efficiency in view of life-cycle cost, to integrate environmental considerations, to build resilience against natural disasters and other risks, to integrate social considerations, and to strengthen infrastructure governance.
- **Corridors need to be well integrated into national, regional and urban planning** as well as cross-border regional planning so as to maximize long term positive impact and economic growth.

### *3 – Corridors must mobilize private capital at scale and foster fair competition:*

- **Partners need to catalyse private investments** in infrastructure projects, notably by investing in project preparation and technical assistance, mobilizing blended finance instruments, and strategically de-risking investment, in order to ensure financial viability
- **Enterprises should be leveraged for their technical excellence**, innovation capacity, technology transfer, compliance with applicable standards, and capacity to create local employment.
- **Relevant non-financial and transparency standards as well as fair competition through strategic and rules-based procurement** should ensure quality, value for money, accountability and access to value chain opportunities for companies, including SMEs.

*4 – Corridors should foster regional integration by enhancing coordination, governance, institutional capacity and harmonization of regulatory frameworks at all levels to enable investment-friendly environments:*

- **The efficient management of interconnections benefits from voluntary coordination platforms and cross-border authorities** established by partner countries and guided by shared visions and coordinated development plans.
- **Streamlined regulatory policies and interoperability are needed** to enable interconnections and unlock the full economic and logistical potential of infrastructure, in line with regional integration strategies.
- **Customs cooperation and trade facilitation benefit from streamlining**, including through the harmonisation and implementation of customs legislation and policies as well as through administrative and human capacity building to facilitate trade flows, while addressing security and corruption risks and safeguarding national economic interests.
- **Institutional strengthening, through capacity building, and regulatory alignment are necessary** to attract private investment and support private sector-led economic development.
- **Corridors are therefore key pillars of regional custom arrangements.**

*5 – Corridors benefit from advanced technologies, notably through digitalization:*

- **Custom procedures need to be accelerated and simplified through digitalization**, by integrating automated procedures, reinforcing IT capacities, applying shared electronic systems and innovation.
- **The promotion of advanced technologies plays a key role to increase the quality, efficiency and impact of the corridors.** This includes process automation as well as interoperable digital infrastructure, trusted data systems, and secure digital platforms for coordination, traceability, and access.