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## Latest trends in development of Middle Power Policy in the context of Global Economic Crisis (case of South Caucasus and Central Asia)

D. Aptsiauri\*<sup>ORCID</sup>

*Georgian Chamber of Commerce and Industry, Tbilisi, Georgia*

*(E-mail: [daptsiauri@yahoo.com](mailto:daptsiauri@yahoo.com))*

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**Abstract.** The article analyzes some new trends in development of the World's Politics and Economics in rapidly changing global environment caused by the consequences of the 2019 Pandemic crisis and conflicts in Ukraine and Middle East, their impact on some regions, including the South Caucasus and Central Asia. Polarization of the whole system of international economic relations has sped up the search for updated models of global cooperation. In parallel with different risks, the global crisis has also opened a door for newly appeared opportunities, approaches and models of international activities. In this respect, the attempt is made to analyze the updated role and increased importance of the so called "Middle Power Countries" particularly "Middle Power Transit Countries" based on development of intraregional economic projects, like "Middle Transport Corridor" binding strategically significant Western and Eastern marketplaces. A number of concluding recommendations have been made in the context of further academic and practical study of the abovementioned topic of the article.

Furthermore, the study emphasizes how Georgia and Kazakhstan serve as pivotal hubs within this emerging "Middle Transport Corridor," fostering deeper integration between European and Asian economies. Ultimately, it argues that these geopolitical shifts necessitate a collective strategic approach to ensure long-term stability and sustainable economic growth across the Eurasian landmass.

**Keywords:** global economic crisis, global governance, middle power policy, Middle Transport Corridor, Central Asia and South Caucasus.

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## **Introduction**

The current crisis in world geopolitics and geoeconomics has fundamentally damaged the whole architecture of the Modern World Order, in particular the Global Governance. Today, we are witnessing not only multiple crises but also the destruction of the traditional foundations of interstate relations and the global economic system. At the same time, the comprehensive Global Crisis, in our view, leads to an extra search for alternative options or renewal of old ones and opens the door for new opportunities to minimize the emerging global risks.

The contribution of “Middle Power Countries” or “Middle Power Diplomacy” to the reescalation of the confrontation can be considered as one of these opportunities. The Middle Power Diplomacy is not a new phenomenon in international relations. “The notion of middle powers has long been around. But it has acquired new relevance in the current geopolitical context whose defining features are increasing multipolarity and the US-China competition” [1].

The 2024 Davos Economic Session “Middle Powers in a Multipolar World” released its white paper “Shaping Cooperation in a Fragmenting World,” with such a comment: “Middle Powers – which have long played an important role in international innovation and mediation – could be key to realizing this vision (new multipolar global order)”. The relevance of the issue under consideration requires the constant attention of the academic community and a comprehensive and interdisciplinary analysis of the state and development prospects of middle powers, the evolution of their foreign policy in the context of the challenges of global and regional politics.

## **Research methods**

To prove the hypothesis, the author used the qualitative method during the study process based on a comprehensive and comparative analysis of the current trends in development of modern international economic relations, global governance, including the reports of the leading world economic forums and analysis of the updated models of regional and interregional cooperation focusing on the new role of “Middle Power Countries”.

## **Results and discussions**

New Global Trends. Global tensions climbed to its pinnacle during the 2019 pandemic crisis, and in 2022, the war in Ukraine not only decreased the post Cold War dynamics of international cooperation, but changed its nature. The Global Risks Report (issued by the 2023 Davos World Economic Forum) explains “a polycrisis dominated by the cost of the living crisis, the climate crisis and political instability is threatening to reverse hard-fought gains in development and growth. The biggest turmoil is geopolitical... We have already entered a multipolar world in which each region has its own issues and role in global politics” [2].

The era of a favorable climate for the development of international trade, promotion of investments in emerging markets, liberalization of the whole system of international cooperation, started from the breakdown of the socialist countries' system, is likely coming to an end... At present, we have entered the polycrisis, when all combined risks are equally in force...

The dynamics and number of crises are also a matter of deep concern for all actors of global management, when unresolved old threats are overburdened by the new ones, which create the extra difficulties... What is essential – the significant disbalance between crisis and development

in terms of global governance is widening. The Global Management covers today mostly crisis regulation cases and is less involved in development programs. We can observe it based on the allocation of financial resources for Ukrainian crisis and UN funds for sustainable development, - “total bilateral aid allocations between January 24, 2022 and June 30, 2024, by the US and EU 9 (for Ukraine) is equal to 75,1 and 39,38 Billion US Dollars” [3], At the same time, “as of January 2017, 22 joint programs have been approved with a total budget of USD \$69,361,021” [4].

The Global Governance priorities are not balanced today since the security component in its agenda is increasing, while the socio-economic part is steadily declining due to the rise in the number of new conflicts in the world.

We have entered a fragmented, polarized world based on a lack of consensus on many problems of international community. Globalization takes the features of deglobalization... The crisis in Ukraine has divided the World into two groups: Global North or Western, and Global South or Eastern, with different visions on contemporary world architecture. Today this division, as never before, passes through all dimensions of international and national life...

In addition, we observe the huge decline of the United Nations system's effectiveness in resolving the acute problems of Global Security and Sustainable Development. As a result, many new Global Development Initiatives raised by the United States and the European Union (PGII) and China (GDI, GSI, GHI) have appeared during the last few years. In fact, such formats of international cooperation, such as the G-7 and G-20, and others, have undertaken the mandated functions of the United Nations bodies.

The particular activation of the Global – South dimension in global cooperation and emerging Asian markets reflects the changes in the current balance of power, which requires a deep analysis of this trend.

The regional models of cooperation are on the rise and demonstrate more activities in conflict resolution and business development fields. Deepening of intraregional models of cooperation, like BRICKS, APEC, and other formats, proves the nurturing of the mentioned process.

In the context of changes, the increased role of developing countries (mostly of middle-level income) can also be mentioned by their more active involvement in crisis management and global economic projects, as “middle power” and “small power” players.

In today's context, another pressing aspect must be comprehensively addressed. The E-Governance and AI Governance, as new stories, are highly welcomed, but should be incorporated into the existing system of international cooperation without unforeseen risks for Global Security.

The evolution of middle power diplomacy in the context of polycrisis. There are a number of definitions of Middle Power Countries or Middle Power Diplomacy, but none of them pretend on full-fledged explanation of this phenomenon... According to Giovanni Botero, a mayor of Milan who lived in the 15th century, a “middle power” is an actor with sufficient strength and authority to stand on its own without the need for help from others.

“Under the original sense of the term, a middle power was one that had some degree of influence globally, but did not dominate in any one area. However, this usage is not universal, and some define middle power to include nations that can be regarded as regional powers” [5].

The modern understanding of middle powers has retained its core substance, but with changes reflecting the World's development. As we are aware, there are different criteria that determine the MPP status, including:

- Established (wealthy, stable, and socially democratic states) and emerging (driving towards regionalism)

- Constitutive and Behavioral
- Dominative Economic Power and Increased International Activity

At present, in the context of continuing global confrontation, fragmented and turbulent environment, the role of middle power countries and middle power diplomacy, as it has been mentioned, is evidently increasing. “We all know, President of Kazakhstan K. Tokayev writes in his article, that global peace and stability are currently under threat by tensions between major world powers”. He calls for solidarity among global middle powers to bring the “world powers,, collectively, to their senses before all hell breaks loose across the planet”. “It is time for an informal alliance of middle powers that are interested in supporting a global rules-based order...collectively they have a chance of working together to preserve a world based around rules and rights, rather than power and force” [6].

Today, we are witnessing the drive of the Middle Power Countries towards individual initiatives or regional models of cooperation, rather than global forms of activities (under the umbrella of the United Nations, for example). As a result of global confrontation, in general, the activities are transferred to the regions, where, in our view, conditions are better for understanding and confidence – common historical background, cultural traditions alongside traditional border trade interactions and so on. Rise of new formats of cooperation in Central Asia, as the US+, China+, EU+, Russia+, and India+ can be considered as a new approach in this regard.

The other trend, in our opinion, is an advance of behavioral factor in middle power policy, compared with such tools as economic strength, although the economic power is not a standby criterion... (case of Kazakhstan included in the 50 middle power countries list as to GDP data and contributor to international peace and development projects). The importance of economic criteria, as major characteristics of the established middle power policy, has been sharply diminished due to global economic sanctions and the consequences of COVID-19.

We also think that individual middle power influence (one country-based influence) is substituted by the consolidation of a group of MPC over a new agenda of cooperation with preference on commercial motivation and healthy market competition. In this respect, we witness the increased importance of the countries located at the crossroads of distant marketplaces. We mean a group of so-called “bridge” or “transit” countries, like Kazakhstan, Azerbaijan, Georgia, Turkey and other countries of the South Caucasus and Central Asia, cementing the strategically important East-West communication corridor and covering the area from China to Europe. In recent years, the term Central Eurasia, which refers to Azerbaijan, Armenia, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, has been attracting attention as a distinct geopolitical area” [7].

By the way, in classical terms, the middle power countries are mostly displaced, according to experts’ opinion, within the China-US space range... This is a very important place where the interests of key global players meet and determine the political and economic stability in the region and globally. At the same time, the global value of the region is on the rise as an opportunity to fill the gap in trade-economic relations caused by the crisis in Ukraine and the pandemic wave. In fact, the Middle and Small Power Countries become the active participants in minimizing the global confrontation risks.

Why this region with a wide range of transit opportunities might be an attractive one in an internationally broader sense and what might be the role of Middle Power Diplomacy in this regard?

In our opinion, the region has a chance to introduce such a model of cooperation based on the reshaping of the global tensions into healthy commercial competition through the involvement

of different participants from the East and the West. And the South Caucasus and Central Asia are interesting places for the activation of this model. Here is a range of different caliber participants: Global power players, Middle power players, and smaller ones with a variety of functions as producers, traders, and transit providers. This variety of factors can somehow help to promote the projects with more evident commercial interests. In this respect, the so called “Middle” or Transcaspien International Transportation Corridor can be considered strategically motivated with long perspective agenda, despite the fact, that at present, its commercial cost is higher due to lack of capacity, enhanced soft security infrastructure, advanced technology and legal framework, particularly in the context of jump of cargo shipments from China to Europe during last years.

The mentioned “Middle” corridor has a number of evident advantages: the shortest land distance to ship the goods from China to Europe (approximately 12-14 days compared with 35-40 days by sea) and, what is essential, the safest one. The improved railway infrastructure, completion of the Baku-Tbilisi-Kars railway from Azerbaijan to Turkey via Georgia, construction of modern highways from the East of Georgia to Europe through Georgia, modernized airports in the region and the start of the largest deepwater Anaklia sea port project on Black Sea, Georgia enhances the effectiveness of the corridor.

One more argument in favor of the mentioned model is more or less balanced relations and a good record of long-standing partnerships of the countries of the South Caucasus and Central Asia with Global and Regional players. What is important, in our opinion, is that this balanced cooperation has been retained and now is secured due to the particular contribution of “middle and small power” countries of the region, including Kazakhstan, Azerbaijan, Georgia, and others. The recent positive developments linked with the completion of some old conflicts in the South Caucasus give a good chance to set up a new agenda of international cooperation. The conflict-torn region has a unique list of successful international projects. Going back to the past, in the 90s of the 20th century, we can refresh the success of international oil and gas pipeline projects, which have been pumping the energy resources from Azerbaijan via Georgia and Turkey to Europe, as well as the railroad transportation of Kazakh oil products via Georgia to distant areas.

The region is in the center of post virus rehabilitation phase of international cooperation. In this context, we should expect the further intensification of the shipment of goods and services connected, primarily with the health industry and social needs, in combination with food supply and other vitally important commodities. In fact, this process has already started with an increased number of cargo railroad cross shipments. “Cargo transportation along Trans-Caspian-International Transport Route (TITR) saw 35% increase from January to April 2024” [8]. This dynamics shows that the “Middle corridor” commercially is promising even with currently limited infrastructural opportunities.

In addition, the region also becomes a platform for new large - scale projects sponsored by international organizations. We mean the post conflict rehabilitation of the economy of Afghanistan. In this respect, the relocation of the UN Mission in Afghanistan to Kazakhstan reflects its international importance as a middle power country. The EU co-sponsored Black Sea submarine electric cable project linking Azerbaijan and Georgia with Europe is the other example of enhanced global weight of the region.

The case of the South Caucasus and Central Asia region proves the fact of enlarged geopolitical and geoeconomic significance of the countries with transit economies, thanks to the successful

output of middle power policy. In the deglobalized and fragmented present World, the countries with transit economies can play not only the function of economic interaction, but also “bridging” various communities over the idea of consolidation through global multipurpose pragmatic projects. These projects can complement each other by creating new jobs and opportunities and invest more confidence in business.

The emerging middle power countries assume the functions of organization of large - scale international forums (equal to the level of the UN General Assembly or Davos World Economic Forum gatherings), as the 2024 COP 29 International Conference in Azerbaijan. This is a vivid demonstration of the enhanced role of less Global Power Diplomacy in modern international politics and economics.

We also witness the trend of certain distancing of middle power countries from block-based cooperation and focusing on interaction within limited groups of partners. “Two Australian experts assess that middle powers have tilted towards mini-lateral groupings and cooperation. The logic is simple: to achieve their national interests, middle-sized and like-minded formulas of cooperation are more effective than large, deliberative multilateral organizations” [9].

## **Conclusion**

The current polycrisis, combining the consequences of the Pandemic Wave started in 2019 and continuing critical situation in Ukraine and the Middle East, alongside other factors, has accelerated the search for new approaches (or renewal of previous experience of cooperation) towards the mitigation of the global confrontation.

We witness a new wave of activation of the “Middle Power Countries” and relevant regions, as a whole, in the Modern Global Agenda, which contributes to constructive cooperation at the regional and global levels of business partnership.

In this respect, the countries of the South Caucasus and Central Asia (so-called “bridge” countries), binding the Western and Eastern marketplaces, have introduced the project approach of cooperation based on commercial motivation instead of only pure geopolitical interests. The “Middle Corridor” connecting China with Europe via South Caucasus and Central Asia can be considered as the abovementioned approach or model of collaboration.

In addition, the modern Middle Power Countries policy has exposed a number of new trends and challenges: as to well-known criteria’s of identification of the middle power countries, the two core elements are usually to be taken into account – natural/economic and military resources of the countries and their ability to contribute to the peace and stability in the World through active international involvement and initiatives. We think we should add an additional factor or criterion – political leadership. It has a special importance nowadays, when the world’s political establishment, in our opinion, experiences a shortage of successful high-level professional politicians with wide international recognition.

Further study is to be conducted to optimize the criteria and categories of Middle Power Countries to tailor them to a new global reality. It is a bit difficult to consider such different countries as Germany, Belgium, Japan, Australia, Turkey or Poland... equally influential, as well as the specifics and renewed role of “Small Power Countries” (for example, Georgia).

While responding to the weakness of multilateral models of cooperation, we think it would be a good idea to set up the “Middle and Small Power Transit Countries Network” aimed at enhancing its role in Middle Power Diplomacy.

Anywhere the questions are still open for further analysis and research:

- What is a major goal of the “middle power countries” - to utilize the benefits based on national natural and financial resources or to promote their international recognition only?
- Is there a common understanding among Global North and Global South regarding the meaning and content of the middle power policy?
- How to tailor the political obligations of the middle power countries to their international institutions and priorities to their individual peaceful initiatives through mediation efforts?
- Are Middle Power Countries associated with crisis management only or development projects?
- What are the limits of involvement of the middle power countries in conflict resolution, Global Agenda?

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**Д. Апциаури**

*Грузияның сауда-өнеркәсіп палатасы, Тбилиси, Грузия  
(E-mail: daptsiauri@yahoo.com)*

## **Жаһандық экономикалық дағдарыс жағдайындағы «орта державалар» саясаты дамуының негізгі трендтері (Оңтүстік Кавказ бен Орталық Азия мысалы негізінде)**

**Аңдатпа.** Мақалада 2019 жылғы пандемия дағдарысының салдарынан, сондай-ақ Украина мен Таяу Шығыстағы қақтығыстардан туындаған қарқынды өзгермелі жаһандық ортадағы әлемдік саясат пен экономика дамуының жаңа трендтері, олардың кейбір аймақтарға, соның ішінде Оңтүстік Кавказ бен Орталық Азияға тигізетін әсері талданады. Халықаралық экономикалық

қатынастардың тұтас жүйесінің поляризациялануы жаһандықынтымақтастықтың жаңартылған үлгілерін іздеуді жеделдетті. Жаһандық дағдарыс әртүрлі тәуекелдермен қатар, халықаралық қызметтің жаңа мүмкіндіктеріне, тәсілдер мен модельдерге жол ашты. Осы орайда, стратегиялық маңызды Батыс және Шығыс нарықтарын байланыстыратын «көлік дәлізі» сияқты өңірішілік экономикалық жобаларды дамытуға негізделген «Орта держава елдерінің», әсіресе «Орта державалық транзиттік елдердің» жаңартылған рөлі мен артқан маңызын талдауға талпыныс жасалды. Мақаланың аталған тақырыбын одан әрі академиялық және практикалық тұрғыдан зерттеу аясында бірқатар қорытынды ұсыныстар берілген.

Сонымен қатар зерттеуде Грузия мен Қазақстанның Еуропа мен Азия экономикалары арасындағы терең интеграцияны нығайта отырып, осы жаңадан қалыптасып жатқан «Орта көлік дәлізіндегі» негізгі тораптар ретіндегі рөліне баса назар аударылады. Түптеп келгенде, бұл геосаяси өзгерістер Еуразия құрлығында ұзақ мерзімді тұрақтылық пен тұрақты экономикалық өсуді қамтамасыз ету үшін ұжымдық стратегиялық тәсілді қажет ететіні негізделген.

**Түйін сөздер:** жаһандық экономикалық дағдарыс, жаһандық басқару, «орта державалар» саясаты, көлік дәлізі, Орталық Азия және Оңтүстік Кавказ.

**Д. Апциаури**

*Торгово-промышленная палата Грузии, Тбилиси, Грузия  
(E-mail: daptsiauri@yahoo.com)*

### **Основные тренды развития политики «средних держав» в контексте глобального экономического кризиса (на примере Южного Кавказа и Центральной Азии)**

**Аннотация.** В статье анализируются новые тенденции развития мировой политики и экономики в условиях стремительно меняющейся глобальной среды, вызванной последствиями пандемического кризиса 2019 года, а также конфликтами в Украине и на Ближнем Востоке, и их влияние на отдельные регионы, включая Южный Кавказ и Центральную Азию. Поляризация всей системы международных экономических отношений ускорила поиск обновленных моделей глобального сотрудничества. Наряду с различными рисками, мировой кризис открыл возможности для появления новых подходов и моделей международной деятельности. В связи с этим предпринята попытка проанализировать обновленную роль и возросшее значение так называемых «средних держав», в частности «транзитных средних держав», на основе развития внутрирегиональных экономических проектов, таких как «транспортный коридор», связывающий стратегически важные западные и восточные рынки. Сформулирован ряд заключительных рекомендаций в контексте дальнейшего академического и практического изучения указанной темы.

Кроме того, в исследовании подчеркивается роль Грузии и Казахстана как ключевых узлов в рамках формирующегося «Срединного транспортного коридора», способствующего более глубокой интеграции европейской и азиатской экономик. В конечном итоге обосновывается, что данные геополитические сдвиги требуют коллективного стратегического подхода для обеспечения долгосрочной стабильности и устойчивого экономического роста на всем евразийском пространстве.

**Ключевые слова:** глобальный экономический кризис, глобальное управление, политика «средних держав», транспортный коридор, Центральная Азия и Южный Кавказ.

#### **Information about author(s):**

**Aptsiauri D.** – Ambassador, Professor, General-Director of the Chamber of Trade and Industry of Georgia, Tbilisi, Georgia.

**Апциаури Д.** – Төтенше және Өкілетті Елші, профессор, Грузияның сауда-өнеркәсіп палатасының Бас директоры, Тбилиси, Грузия.

**Апциаури Д.** – Чрезвычайный и Полномочный Посол, профессор, Генеральный директор Торгово-промышленной палаты Грузии, Тбилиси, Грузия.



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