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India, Russia and Iran: a New Study on “North – South”  
International Transport Corridor

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**Abstract.** The International North-South Transport Corridor (INSTC) has made impressive progress in making boat, street, and rail courses that transport cargo between India, Iran and Russia and countries of the European Union and Central Asia. It connects India Ocean, Iran, the Persian Gulf nations, through the nations of the Caucasus and Central Asia with Russia and mainland Europe. This task was a reaction to Eurasian coordination, “Extraordinary Eurasian Partnership” (Russia, 2011) including “One Belt, One Road” (China, 2013) and The Silk Road. By rethinking the Integration and Economic Potential of the INSTC and its importance for the partaking nations, it is feasible to utilize the rationale of the aggregate game plan of the Eurasian space in light of a legitimate concern for all member states. However, the first trail train via INSTC, departing from Helsinki on June 21, 2021, arrived at its destination at twice the speed of the existing Suez Canal route, proving the timeliness and competitiveness but missing rout in Iran Rasht-Astara railway line still remain the challenging problem for the Iranian government as well as for India and Russia.

**Keywords:** Transport, North–South international transport corridor, India, Iran, Russia, railways, multimodal, infrastructure, EAEU



## Индия, Россия и Иран: новое прочтение международного транспортного коридора «Север – Юг»

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**Аннотация.** Международный транспортный коридор «Север-Юг» (МТК «Север – Юг») добился впечатляющих успехов в создании морских, автомобильных и железнодорожных маршрутов для перевозки грузов между Индией, Ираном и Россией, а также странами Европейского Союза и Центральной Азии. Он соединяет Индийский океан, Иран, страны Персидского залива через страны Кавказа и Центральной Азии с Россией и с континентальной Европой. Новое прочтение придает МТК развертывание евразийской координации при реализации международных инициатив: «Расширенного евразийского партнерства» (Россия, 2011 г.), «Один пояс, один путь» (Китай, 2013 г.) и Шелковый путь. Путем переосмысления интеграционного и экономического потенциала МТК «Север – Юг» и его значимости для вовлеченных стран оказывается возможным уточнить общий план игры на евразийском пространстве с учетом законных притязаний всех государств-членов. Как показал пробный прогон поезда через МТК «Север – Юг», поезд, вышедший из Хельсинки 21 июня 2021 г., прибыл в пункт назначения вдвое быстрее, чем по действующему маршруту через Суэцкий канал, что доказывает своевременность и конкурентоспособность МТК. Нерешенной проблемой для Ирана, а также для Индии и России остается открытие железнодорожной линии Решт – Астара.

**Ключевые слова:** транспорт, Международный транспортный коридор «Север – Юг», Индия, Иран, Россия, железные дороги, мультимодальные перевозки, инфраструктура, ЕАЭС.

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## Introduction

An INSTC is a 7,200 km multimodal transportation course interfacing the Indian Ocean and the Persian Gulf with the Caspian Sea via Iran and northern Europe using St. Petersburg, Russia. The International Transport Corridor “North-South” (INSTC) project was started in St. Petersburg on 12, September 2000, by Russia, India, and Iran, later on, 16th May 2002 (during the second International Eurasian Conference on transport), the understanding was marked and 2007 denoted the start of the development and the point of the Corridor is to decrease the delivery time freights from India to Russia, just as to Northern and Western Europe (at present conveyance time on this course is more than about a month and a half, however, it is relied upon to be 3 weeks through North-South) [1]. It accommodates the course of product from Mumbai (India) to Bandar Abbas (Iran) via ocean, from Bandar Abbas to Bandar-e Anjali (an Iranian port on the Caspian Sea) by street, then, at that point, from Bandar-e Anzali to Astrakhan (a Caspian port of the Russian Federation) by boat through the Caspian Sea, and from Astrakhan to different locales of the Russian Federation and further across Europe through the Russian rail routes [2]. Eleven additional nations hence joined: Armenia, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkey, Ukraine, Belarus, Oman, Syria, and Bulgaria (Observer). However, progress on this drive has been very delayed in the beginning along with financial and

technical difficulties constructing the Rasht-Astara railway in Iran.

## History and Emergence of North South Transport Corridor

Infrastructure is one of the most noteworthy elements for a nation's advancement, that's why it's called the “lifeline of a country” [3]. The advancement of this drive was very lethargic at first, there were Seven meetings of the Coordination Council were held during the period of 2002 to 2021 (the last was held on March 5, 2019, in Tehran, Islamic Republic of Iran), along with several meetings of the INSTC expert groups. Nonetheless, to recognize the cause and augment the capability of the corridor, by the Federation of Freight Forwarder's Association in India (FFFAI) a dry run was led. It goes through the Caspian Sea along the course Nhava-Sheva (India) – Bandar-Abbas (Iran) – Baku (Azerbaijan) and the course Nhava-Sheva (India) – Bandar-Abbas – Amirabad (Iran) – Astrakhan (Russia). The dispatching report expressed, recently modernised facility, the train will not be able to proceed further south, as the railway line to Rasht is still missing. The cargo will be loaded onto trucks before continuing the journey by train later. Iran might be the ideal course giving ideal vehicle/cost for Indian importers and exporters. By comparing the INSTC to the current Suez Canal maritime path, the test results indicated a 40% reduction in transit time and a 30% reduction in cost [3].

As it was mentioned, “Ideally, the North-South ITC should become a through water-land route passing through Singapore, India, Iran and Russia, connecting the countries of Asia and Europe. Its potential spatial characteristic is unique. The routes of the ITC, in case of its further development, will cover the transport and communication space of South and Southeast Asia, the Middle and Near East, Russia (there are 14 subjects of the Federation in the corridor strip), the CIS countries, the Baltic states, Central and Eastern Europe. INSTC meets the requirements of *consistency* (has an integrating effect on all processes in the regions that it connects), *multiplicativity* (the project as a whole has a qualitatively different nature in relation to any of its branches) and *integrity* (modular implementation principle)” [10: 47].

### **The principal areas of interest and Growth of the INSTC**

After conducting the trial run in 2014, that the INSTC route will bring down the transportation time by 40 per cent and the cost by 30 per cent in comparison to the traditional route from India to Russia that passes through the Suez Canal, Mediterranean Sea and Europe. An INSTC's economic viability is driven by a combination of stable end-to-end freight rates and short delivery times. Since 2014, in Iranian-Indian relations, there has been an increase in the interest of each of the cooperating parties within the INSTC. Iran, the main active participant of the INSTC, proposes to the collaborating countries a substitute interpretation of the idea of the ITC “North-South”, considering it as a form of integration association. Indeed,

we speak of the formation of new centres of production and trade-oriented at the international level and of the growth of: Firstly, commercial exchanges between Iran and Russia, Iran and India; Secondly, trade-in transit of China and India via Iran with EU countries, African-Asian countries of the Indian Ocean basin (South Korea through South Africa) and Central Asia, along with Afghanistan and Mongolia [2]. Another significant key advantage corridor is west: Iran – Iraq – Jordan – Mediterranean countries with important ports of Basra; via Azerbaijan and Georgia to Ukraine and to the EU countries. The “Directorate of International Transport Corridors” (Directorate of ITC) was established as an autonomous non-profit organization on April 10, 2020. However, due to technical and political complications, the corridor's operation currently relies primarily on Russia-Iran freight turnover. In Armenia, construction of the North-South corridor began in 2012, with the road expected to be completed and operational by 2019. However, approximately 20% of the highway has been constructed [4]. Conflict between Armenia and Azerbaijan (2020) increases the significance of Iranian route because it takes less than 20 per cent to transfer the cargo as well as political and Economic situations and cheap price of oil creates Indian interest to invest in it and also rail is the only future for sustainable development and low carbon emission. On April 19, 2021 the fifth round of negotiations on the “The Persian Gulf-Black Sea transit corridor” with the participation of delegations from Iran, Armenia, Georgia, Bulgaria and Greece was held in Yerevan. Director-General of

Transit at the Ministry of Roads and Urban Development Amin Tarafo made the announcement in an interview with Mehr News Agency and emphasized that the Persian Gulf-Black Sea Corridor agreement can be acceded to by other countries if the members agree [11]. The central role of Iran in shaping the Silk Road transit in the Greater Middle East region became more evident. It should be emphasized that the China-US confrontation and India's growing influence in regional geopolitics are among the significant factors driving the geopolitical component of this project. In other words, it acts as a deterrent to Chinese influence in the Middle East, Central Asia, and South Caucasus.

### Three leading routs for the corridor:

- **Western** – The best possible connection with the railway and road networks would take all the way over the western coast of the Caspian Sea (through Russian Federation and the Republic of Azerbaijan) – approximately 5.1 thousand kilometres, Iran's main export port in the Persian Gulf where the Russian-Finnish border to Bandar Abbas.
- **Multimodal (Trans-Caspian)** – The distance between the end of the Russian border and the Iranian port of Bandar Abbas is approximately 4,900 km by ferry and containers).
- **Eastern** – It follows the eastern coast of the Caspian Sea through Kazakhstan and Turkmenistan, sometimes known as the KTI corridor (Kazakhstan-Turkmenistan-Iran), 61 thousand km from the end of the Russian border to the Iranian port of Bandar Abbas [2].

### Geopolitical importance of the INSTC for Iran and India, Russian interest

India supported FTZ with the Eurasian Economic Union (EEU) would benefit both countries' trade once it is finalised. Once complete, the FTZ with the EEU, along with the INSTC, could enhance trade between them. The significance of the INSTC project is also highlighted in such Indian foreign policy concepts as the "Foreign Trade Policy of India for 2015-2020". By 2030, the total volume of rail container traffic is expected to be at the level of 9-18 pairs of container trains per day. This corresponds to the capacity of a single-track railroad in the corridor. India proposes the inclusion of Iran's Chabahar Port in the INSTC [5].

During Prime Minister Narendra Modi's visit to Iran in 2016 that a Trilateral Agreement to establish an International Transport and Transit Corridor was signed by India, Iran and Afghanistan, in that "the government of India, realizing the importance of regional connectivity, made a landmark decision to invest in an overseas port in Chabahar [6]. Iran and Afghanistan are India's priority routes to the east and northeast. The first corridor connects Bandar Abbas and Chabahar to Herat – Mashhad – Mazar-e Sharif – Termez, while the second corridor links Chabahar to Zahedan, Zaranj, and Kabul. A little further north, to Mazar-e-Sharif, and more east, to Jalalabad and Pakistan. A major part of India's interest is in developing the INSTC on a bilateral (with Iran, Russia, etc.) and multilateral basis (within the framework of the North-South Council for International Transport Coordination).

India spent \$ 2.1 billion on the North-South ITC's infrastructure, including \$ 0.5



billion on the construction of the port of Chabahar in Iran and \$ 1.6 billion on the new construction of railway lines connecting Chabahar to the Zahedan railway junction (the capital of the Iranian province of Sistan and Baluchistan) and the Zaranj station in Afghanistan also \$ 0.5 billion was allocated to the Iranian Railways for the buy of locomotives [7]. Indian assert firm IRCON is engaging in the interpretation of the 500-kilometre Chabahar-Zahedan railway line, which was scheduled for completion in mid-2021. The development of INSTC will be facilitated by the agreement concluded on Feb 25, 2020, in New Delhi between the Russian firm Russian Railways Logistics and the Indian corporation Container Corporation of Bharat Ltd (CONCOR), the greatest operator of rail container transportation. in India. The agreement assumes that the Indian firm will supply a hasty of large-capacity universal containers and other equipment for organizing transportation along with the INSTC. By hook or by crook India wanted its situation in the INSTC project, getting a shortened way to Georgia, the ports of the Black Sea coast and the EAEU market. But there were technical problems in the last leg leading up to Azerbaijan. The experts suggested that a fund may be created to help Iran complete the route as quickly as possible. In addition to the complicated Georgian-Russian relationship, recent Iranian-Azerbaijani tensions, the growing influence of Turkey and Israel over the South Caucasus, and the Russia's announcement that all transport communications should be unblocked create a whole new puzzle. An INSTC meeting that concluded and proposed forming a core group on

customs – comprising India, Russia, Iran, and Turkey – which would find solutions to such issues as infrastructure and funding and despite U.S. opposition, Iran to be transport hub for North-South Corridor [8]. The U.S. is pushing its Silk Road proposal, which excludes Iran, its bitter rival.

### **Pandemic and current scenario of corridor**

The most important factor in the increasing importance of transportation routes along the north-south axis in recent years is the active interaction of the EAEU with India, Iran and other countries in the southern corridor as part of the Greater Eurasia concept. A new upsurge during the COVID-19 pandemic when major supply chain disruption ongoing balance of quit-to-quit railway rates) changed into recorded after the Suez Canal obstruction on 23 March 2021, whilst the Ever Given field delivery blocked all site visitors among the Red Sea and the Mediterranean Sea, which brought about a worldwide failure to fulfil shipment shipping deadlines, irritated the prevailing scarcity of containers, proliferated uncertainties associated with the operation of freight logistical chains and, accordingly, boosted the call for railway delivery offerings within the Eurasian continent, highlighting the want to installation an extra freight channel.

Resent Putin's visit to India for a short but highly consequential visit and launch of the 2 + 2 dialogue have imbued new energy and dynamism into the bilateral partnership on 6 December 2021 for the 21st bilateral annual summit. This strategic significance strengthens the future of INSTC that Putin attaches to

the relationship with India although the India-Russia partnership continues to be vibrant. DTAA (implemented Double Taxation Avoidance Agreements) has been concluded between Russia and India with Armenia, Azerbaijan, Belarus, Iran, India, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan and Romania [9]. Several factors, including a new distribution of regional power, have had an impact on the conception and steering of the corridor.

In fact, we are talking about the formation of new internationally oriented production and trade poles and the growth of 1) trade turnover between Iran and Russia, Iran and India; 2) transit trade of China and India through Iran with the EU countries, the Afro-Asian countries of the Indian Ocean basin (from South Korea to South Africa) and Central Asia, with Afghanistan and Mongolia.

The INSTC's long-term viability and success rely on its economic viability as well as the commercial benefits that accrue to the participating countries. In the post-Covid era, greater connectivity can become an economic force multiplier. However, any serious connectivity initiative must be consultative, transparent, and participatory. It must adhere "to the most fundamental principle of international law, namely respect for sovereignty and territorial integrity", Jaishankar stated in his address to the 20th Meeting of the SCO Council of Heads of Government, which was held virtually under Kazakhstan's chairmanship.

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