

The Eurasian Trade and Transport Routes: A Case Study of the North-South Corridor

Petr Topychkanov *



Abstract

Growing geopolitical tensions and global fragmentation call for renewed focus on regional connectivity for economic prosperity and to cushion external shocks. The withdrawal of the United States from Afghanistan in August 2021, the armed conflict between Russia and Ukraine since February 2022, the Indo-Pak four-day duel, and the Iran-Israel war of June 2025, have several consequent challenges for all connectivity projects in the region. Signed on September 12, 2000, in St. Petersburg, by Iran, Russia and India for the purpose of promoting transportation cooperation among the member states, the International North-South Transport Corridor (INSTC) is currently facing more political and national interest based approach. In fact, all international transport corridors traversing Russia's territory are currently in trouble. Eurasian integration and conjugation of traffic flows from East to West and South to North by re-establishing an efficient, modern, sustainable, inclusive, and equitable regional approach is recommended by fighting against sanctions, ensuring transparency and mutual interest.

* Dr Petr Topychkanov is Associate Senior Researcher in the SIPRI Weapons of Mass Destruction Programme, Moscow, Russia; and Senior Researcher at the Center for International Security at the Primakov National Research Institute of World Economy and International Relations of the Russian Academy of Sciences.

Dr Petr Topychkanov

Keywords: Regional Connectivity, National Approach, Political Stability, Mutual Trust, Sanctions, Modernisation

Introduction

A Multi-model transportation project was established in **2000**, in St. Petersburg, by Iran, Russia, and India. The International North-South Transport Corridor (INSTC) was conceived for promoting transportation cooperation among the member states. This corridor connects the Indian Ocean with the Persian Gulf, and up to the Caspian Sea via the Islamic Republic of Iran. It is then linked to St. Petersburg and North Europe through the Russian Federation landmass. Later, the INSTC was expanded to include eleven new members, namely: Azerbaijan, Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkiye, Ukraine, Belarus, Oman and Syria. Bulgaria was included as an observer.

The transport and trade connectivity in Eurasia over the past few years has been a point of concern owing to geopolitical instability. This study is focused on the efforts to develop the INSTC and related projects in view of changing paradigms. Although Afghanistan is not the main link in the INSTC, its geo-strategic location and political instability impacted the security of countries that play a central role in this corridor, particularly after the withdrawal of foreign troops from Afghanistan and the return of Taliban to power. Due to the Russo-Ukrainian conflict, the situation became even more complicated for the member states. A new stressor to Eurasian connectivity erupted in May 2025 due to the crisis between India and Pakistan followed by the Iran-Israel 12-day war. Thus, connectivity projects in Eurasia felt a severe impact from these upheavals both from security perspective and in the realms of economy.

Unlike in the 1990s, when Russia and India held collaborative relationship in Afghanistan, they now have more specific national approaches to this landlocked country. In the 1990s, India, Russia and Iran supported the Northern Alliance, which was the primary opponent of the Taliban,

whereas, the student militia from southern and eastern belt of Afghanistan was supported by Pakistan. However, the stance has changed in recent years, and Russia is actively advocating a dialogue with the Taliban^{2.0}. It has held several meetings in Moscow with the Taliban leadership to strike a thaw.¹ India, on the other hand, is susceptible of the initiative since it still takes Taliban as a close affiliate of “terrorists” and a proxy of Pakistan. However, in 2018, India sent a representative to Moscow and held a separate discussion on the sidelines of the conference,² which marked a significant shift towards engaging the Taliban.

Though the collective approach towards the regional connectivity remained intact, it was during the second Russian initiative in November 2022 in Moscow that Taliban refused to attend the Moscow Format meeting.³ While explaining their absence, the Russian Foreign Ministry took the plea that there are differences over Taliban's refusal to come up with an inclusive government in Afghanistan.⁴ In fact, the Russian special envoy for Afghanistan, Ambassador Zamir Kabulov, expressed his country's disappointment in Taliban's approach.⁵ However, Russian diplomats were in contact with the Taliban at the same time. On April 13, 2023, foreign ministers of China, Iran, Pakistan and Russia met with Afghan acting

¹ “Exclusive interview with Russian diplomat Zamir Kabulov,” *Anadolu Agency*, December 31, 2016, accessed November 26, 2022. <https://www.aa.com.tr/en/asia-pacific/exclusive-interview-with-russian-diplomat-zamir-kabulov/717573>.

² “India confirms meeting Taliban in Moscow for Afghan peace process,” *EurAsian*, November 8, 2018, accessed November 26, 2022. <https://eurasianimes.com/india-confirms-meeting-taliban-moscow-afghan-peace-process-russian-media/>.

³ Egbal, Saqalain, “Taliban: Moscow Meeting, ‘Incomplete’ Without Taliban Representatives,” *The Khaama Press News Agency*, November 6, 2022, <https://www.khaama.com/taliban-moscow-meeting-incomplete-without-taliban-representatives-3483/>.

⁴ Dombitskaya, and Krivosheev, “‘Moskovskii format’ lishil sebya talibov: Afganskii problemu obsudili bez afgantsev,” *Kommersant*, November 16, 2022, accessed on April 19, 2023. <https://www.kommersant.ru/doc/5669106>.

⁵ Nayar, Mandira, “India, Pakistan need to show common sense on Afghanistan: Russia's special envoy Zamir Kabulov,” *The Week*, February 11, 2023, <https://www.theweek.in/theweek/more/2023/02/11/russian-presidential-envoy-to-afghanistan-zamir-kabulov-interview.html>.

Dr Petr Topychkanov

foreign minister, Amir Khan Muttaqi.⁶ Eventually, on April 17, 2025, the Supreme Court of Russia announced a decision to suspend the ban on Taliban, considered as a terrorist organisation under the Russian law, paving the way for normalisation of relations.⁷ India, meanwhile, also reconnected with the Taliban informally while keeping in view its national interests as a focal concern, especially for a useful trade and connectivity to Central Asia. Peace in Afghanistan was essential.

Indo-Iran Cooperation: The Chabahar Port

In 2021, Indian investment in the Iranian port of Chabahar suffered due to a regime change in Kabul, which was already suffering due to sanctions on Iran by the US. After the conclusion of the 2015 nuclear deal between Iran and the United States, and with China, France, Germany, Russia, United Kingdom, and the European Union, as guarantors, India committed a \$500 million investment deal in Chabahar.⁸ By August 2021, when the Taliban re-established their rule in Afghanistan, Iranian sources estimated India's investment in Chabahar at only \$85 million, while domestic investment in this port amounted to \$1 billion.⁹ In addition, India promised a credit line to Iran of \$150 million.

After the regime change in Afghanistan, India and Iran were pessimistic about the prospects for the development of Chabahar. According to an analyst, "Changed circumstances and alternative connectivity routes are

⁶ Kakar. "FM Muttaqi meets Chinese, Iranian counterparts in Samarkand," Pajhwok Afghan News, April 13, 2023, accessed on April 19, 2023, <https://pajhwok.com/2023/04/13/muttaqi-discusses-security-and-economic-issues-with-his-chinese-and-iranian-counterparts/>.

⁷ The Ministry of Foreign Affairs of the Russian Federation. "Press Release on Suspending the Terrorist Status of the Taliban Movement," April 17, 2025, accessed on May 25, 2025. https://mid.ru/en/foreign_policy/news/2009744/.

⁸ Hanna, "The broken promise of Chabahar," The Iran Primer, July 28, 2020. Accessed April 21, 2023. <https://iranprimer.usip.org/blog/2019/oct/08/broken-promise-chabahar>.

⁹ Middle East North Africa Financial Network, "Iran's Chabahar port development continues - Head of Chabahar Free Zone," September 22, 2021. Accessed April 21, 2023. <https://menafn.com/1102839801/Irans-Chabahar-port-development-continues-Head-of-Chabahar-Free-Zone>.

being conjured up by other countries to make Chabahar irrelevant.”¹⁰ Ali Ziaei, another expert from Iran, suggested that India lost interest in developing Chabahar because it chose to cooperate with the Persian Gulf Cooperation Council's Rail Network, instead. In his opinion, India hoped to secure stable transport links with Europe.¹¹ India has, however, not abandoned its attempts to develop Chabahar. An even more challenging issue for the development of India's transport policy has been the armed conflict in Europe since 2022, namely the Russo-Ukrainian war.

The War in Europe

All the international transport corridors traversing Russia's territory have suffered due to the military escalation between Russia and Ukraine since February 2022. The relations between Russia and the rest of the European countries are at their lowest, posing several political and economic challenges. The cargo flows from China and the prospects of the INSTC got severely battered. The decrease in transit through Russia is associated with the Western sanctions and Russian retaliatory blockades on the West. The decisions of transport and insurance companies based on risk assessments of transporting goods through a country involved in an armed confrontation and political tensions are equally formidable.

The Indian position on this issue was expressed by Prime Minister Narendra Modi at the Shanghai Cooperation Organisation (SCO) summit in Uzbekistan in September 2022, as he directly linked the problems of the war in Ukraine and transport links in the region to wider regional prosperity. "The pandemic and the crisis in Ukraine caused many obstacles in global supply chains, due to which the whole world is facing an unprecedented energy and food crisis. The SCO must make efforts to develop reliable,

¹⁰ Kapoor, "What Taliban's rise in Afghanistan means for India's Chabahar port project in Iran," *Scroll*, August 16, 2021, accessed on April 21, 2023, <https://scroll.in/article/1002877/what-talibans-rise-in-afghanistan-means-for-indias-chabahar-port-project-in-iran>.

¹¹ Katiraie, "Not even India invests in Iran's ports," *Iran Focus*, May 24, 2022, accessed on April 21, 2023, <https://iranfocus.com/economy/48720-not-even-india-invests-in-irans-ports/>.

Dr Petr Topychkanov

resilient and diversified supply chains in our region. This will require better connectivity, as well as it will be important that we all give each other full right to transit."¹²

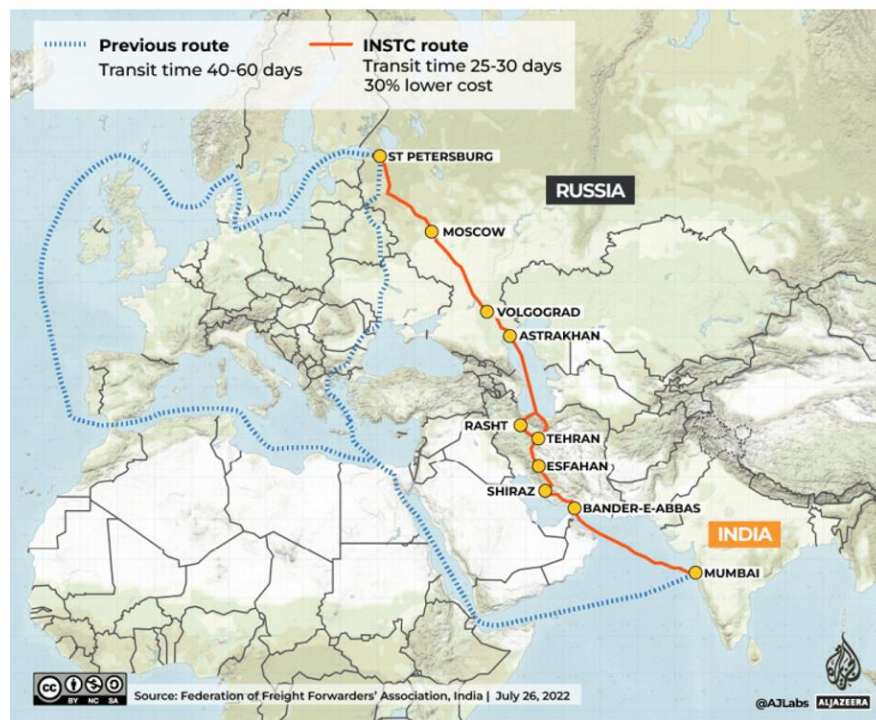
Meanwhile, both the crises in the region—Afghan and Ukraine, have strengthened China's position. Due to strained relations with the West, Russia has become even more dependent on China. This creates new reservations from India as both the emerging powers, China and Russia, have a special military and technical understanding too. Given the current circumstances, Russia's dependency on China may increase even further. On the other hand, China now has greater freedom of action in Afghanistan. China has increased cargo flows to Europe through the Central Asian countries, which has also elevated its influence in this region.

In this background, India has decided to pursue a *multi-vector foreign policy* to ensure friendly and balanced relations with all countries. It has contacted various groups of states in need of complementary routes to Europe. Regarding the INSTC, India has diverged its approach by developing trade routes with Armenia and Iran. Russia, for its part, initially linked this transport corridor's development with Azerbaijan and Iran. There is, however, a difference of opinion among the INSTC member countries on developing regional connectivity. Whether they will be able to overcome it will depend on the resolution of the Russian–Ukrainian and Afghan imbroglio, and the political will of the respective leaders.

¹² Narendra Modi, “PM Modi’s remarks at SCO Summit in Samarkand, Uzbekistan,” September 16, 2022. Accessed November 26, 2022, <https://www.narendramodi.in/prime-minister-narendra-modi-s-remarks-at-sco-summit-in-samarkand-uzbekistan-564434>.

International North-South Transport Corridor

The INSTC could offer Russia an economic escape route to Asia at a time when sanctions are limiting its transit access through most of Europe.



The current progress on INSTC

The INSTC is undergoing partial modernisation in Russia, Azerbaijan and Iran. Russia has completed the construction of a railway line to the port of Olya in the Astrakhan region, which is set to play a central role in transporting containers through the Caspian Sea.¹³ Russia, meanwhile, has completed the construction of the INSTC railway network on its territory. The current geopolitical situation has not stopped Russia's oil and gas projects in the Caspian Sea and expanding its capacity on the port of Olya, as Denis Afanasyev, Deputy Prime Minister of the Astrakhan Region, said

¹³ Yuga, "K morskomu portu Olya podvedena zheleznaya doroga," 2004. Accessed November 26, 2022, <http://transportyuga.ru/articles/159.html>.

Dr Petr Topychkanov

in November 2022. According to him, Russia will build a new cargo area with a container terminal by 2027. The cargo turnover within SEZ will be to the tune of 8 million tonnes by 2030. He stressed, that “the first phase of development will foresee the construction of a terminal, capable of handling 20 and 40-foot containers, general cargo, food products, at the Olya seaport.”¹⁴

Having a complex maritime transport infrastructure, the Caspian Sea region is at the crossroads as several international transport corridors pass through it, despite the fact that it is landlocked. Goods are in transit to Europe, the Caucasus, Turkiye, the Middle East, Central Asia, East Africa and South Asia, rendering the maritime capabilities a top priority for Russia’s pivot to Asia. Azerbaijan, Kazakhstan, Turkmenistan, Iran and Russian ports are all involved in it.

Azerbaijan too has modernised its railway network, and Iran is building a railway line to the port of Chabahar, connecting it with INSTC. Except for the rest of the countries formally included in the transport corridor, Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkiye, Ukraine, Belarus, Oman, and Syria, the trio mentioned earlier as a whole created a partial infrastructure for the functioning of the corridor. Along with this is the port of Bandar Abbas that is of immense strategic importance for trans-regional Iranian trade.

In June 2021, INSTC’s western corridor was operationalised to connect India with Europe for the first time. Even before the withdrawal of foreign troops from Afghanistan, India proposed to operationalise the eastern corridor, which will connect China with Russia and European countries via Central Asian countries. India wants the Chabahar port to be included in this eastern corridor.

¹⁴ “Annual capacity of port Olya to grow by 3.3 million tonnes by the end of 2024,” Portnews. November 16, 2022, accessed on November 26, 2022, <https://en.portnews.ru/news/338710/>.

In October, Indian Foreign Minister Dr S. Jaishankar repeated this proposal during a visit to Armenia.¹⁵ At the same time, India's position was influenced not only by the evolving situation in Afghanistan but also by an accident in the Suez Canal in March 2021, which showed the vulnerability of the traditional transport routes that connects India with Europe.¹⁶

India, in the meanwhile, continues to view the port of Chabahar as a "gateway" to Central Asia. In early 2021, on an Indian initiative, a working group of India, Afghanistan, Iran, and Uzbekistan was created to use this transport hub jointly. After the withdrawal of foreign troops from Afghanistan, Indian Prime Minister Narendra Modi, at the SCO summit in Tajikistan, confirmed India's interest in the development of this port together with the Central Asian countries. According to him, the countries of Central Asia, together with India, will be able to unlock the possibilities of Chabahar. The Indian premier highlighted the region's fundamental principles of transport corridor cooperation: "Connectivity projects must be consultative, transparent, and participatory to ensure mutual trust. It must respect the territorial integrity of all nations and the SCO should form norms for connectivity projects based on these principles."¹⁷ The need to respect territorial integrity, voiced by Narendra Modi, attracts particular attention.

India, however, is eloquently financing this project. India has allocated more than \$12 million in the 2023-2024 budget. Identical amounts were

¹⁵ "Jaishankar proposes Chabahar Port be included in North-South Transport Corridor," *The Economic Times*, October 13, 2021, accessed on November 26, 2022, <https://economictimes.indiatimes.com/news/india/jaishankar-proposes-chabahar-port-be-included-in-north-south-transport-corridor/articleshow/86993023.cms>.

¹⁶ Mishra, Asit Ranjan, "India charts plan to tackle impact of Suez blockage | Mint." *Mint*, March 27, 2021, <https://www.livemint.com/news/india/india-devises-plan-to-deal-with-suez-canal-blockage-11616776352828.html>.

¹⁷ *Livemint*, "At SCO summit, PM Modi ties India-backed Chabahar port to Central Asia's fortunes. Read here | Mint." *Mint*, September 17, 2021, accessed on November 26, 2022, <https://www.livemint.com/news/world/at-sco-summit-pm-modi-ties-india-backed-chabahar-port-to-central-asia-s-fortunes-read-here-11631869718230.html>.

Dr Petr Topychkanov

allocated for the development of Chabahar in two previous budgets.¹⁸ Secondly, India not only resumed the regular operation of the port less than a month after the regime change in Afghanistan but also began to increase the flow of goods through Chabahar. Additionally, the dialogue process between the Taliban and India, as well as Iran and the Central Asian states, has led to the resumption of the flow of goods from Chabahar to Afghanistan.

Afghanistan's Ministry of Foreign Affairs has also issued a statement of support for Chabahar in INSTC in December 2022, immediately after the meeting of the national security advisers of India and Central Asian States in New Delhi. Although Afghanistan has not yet been formally included in this dialogue, it has become a beneficiary of its process. As a result of the December meeting, India-Central Asia joint working group on Afghanistan was established, which held its first meeting on March 7, 2023. India announced its plan to deliver 20 thousand tonnes of wheat to Afghanistan through Chabahar.¹⁹

In the framework of the INSTC, India pays attention not only to the traditional route through Iran, Azerbaijan and Russia, directions through Armenia and Central Asian countries are also of interest. Nonetheless, whether this proposal is attractive for the delivery of goods to Russia and Europe, or whether it is only intended to connect the countries of Central Asia with the trade markets of the Asia-Pacific, India is yet to come up with a strategic clarification.

India and Iran were also influenced by the events between Armenia and Azerbaijan in 2021. In response to the strengthened positions of Azerbaijan

¹⁸ "India allocates just over \$12m to development of Chabahar in 2023-24," *Financial Tribune*, February 5, 2023, accessed on April 22, 2023, <https://financialtribune.com/node/116979>.

¹⁹ "India to send 20,000 metric tonnes of wheat to Afghanistan via Iran's Chabahar port," *The Tribune*, March 8, 2023, accessed on April 22, 2023, <https://www.tribuneindia.com/news/nation/india-to-send-20-000-metric-tonnes-of-wheat-to-afghanistan-via-irans-chabahar-port-486103>.

and Turkiye, in the Transcaucasia after the return of most of the disputed territories of Karabakh from Armenia to Azerbaijan, Delhi and Tehran chose to shift their focus from the transport route to Russia through Azerbaijan to the transportation of goods through Armenia.²⁰ In this context, the negotiations between Armenia and Azerbaijan with the participation of the EU at the end of December 2021 were significant when an agreement was reached on opening a railway transport link through the Zangezur corridor. Russia supported this initiative to help normalise relations between Armenia, Azerbaijan, and Turkiye.²¹

India, Pakistan Relations and Transport Connectivity

In the fall of 2021, India supplied goods to Afghanistan not only through Iran but also through Pakistan. For example, it sent 50,000 tonnes of grains through Pakistan to overcome the severe food crisis in the strife-torn state of Afghanistan. The fact that the consignment crossed the Indian-Pakistani border suggests a prospect for a land route to South Asia within the framework of the INSTC. Moreover, in November 2022, Russia and Pakistan agreed to create a road connection so far through the territories of Azerbaijan and Iran.²² This agreement helped the two countries create one of the routes to implement the massive trade deal they signed earlier in 2022. It included the shipment of 2 million tonnes of grains from Russia to Pakistan.²³ At the same time, the Russian authorities recognise that the prospects for developing transport projects and trade ties in Eurasia depend

²⁰ Antonopoulos, Paul, "Iran and India opt for Armenia instead of Azerbaijan for regional connectivity project *Greek City Times*, October 12, 2021, <https://greekcitytimes.com/2021/10/12/iran-and-india-opt-for-armenia/>.

²¹ Kaleji, Vali, "Iran's perceptions and concerns of border tensions between Armenia and the Republic of Azerbaijan," *Valdai Club*, January 18, 2022, accessed on November 26, 2022. https://valdaiclub.com/a/highlights/iran-s-perceptions-and-concerns-of-border-tensions/?sphrase_id=1424244.

²² "Pakistan, Russia sign road transport agreement," *APP*, November 17, 2022, accessed on April 22, 2023, <https://www.app.com.pk/national/pakistan-russia-sign-road-transport-agreement/>.

²³ "Pakistan signs trade deal with Russia amid war – How will the IMF react?," *Business Standard*, March 4, 2022, accessed on April 22, 2023, https://www.business-standard.com/article/international/pakistan-signs-trade-deal-with-russia-amid-war-how-will-the-imf-react-122030400406_1.html.

Dr Petr Topychkanov

on the situation in Afghanistan. Russia's Foreign Policy Concept, published in 2023, highlighted this aspect: "Comprehensive settlement in Afghanistan, assistance in building it as a sovereign, peaceful and neutral State with a stable economy and political system which meets the interests of all the ethnic groups living there and opens up prospects for integrating Afghanistan into the Eurasian space for cooperation."²⁴

The long-standing territorial dispute over Kashmir and other disagreements, such as those regarding cross-border terrorism between India and Pakistan, hinder the development of land routes from South Asia to Central Asia, and the Middle East. In the absence of political and security conditions for opening the border to free traffic between India and Pakistan, Delhi prefers to consider only those transport routes that bypass Pakistan. India needs to realise the potential of the transit country for goods and energy particularly that of the Iran-Pakistan-India (IPI) pipeline, Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipelines, and the electricity transmission network from Central Asia to South Asia (CASA). Pakistan has already declared a peaceful neighbourhood policy to create favourable economic growth conditions. Pakistan hinted at its prospects at the Sixth Summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA), in Kazakhstan, Astana, in October 2022. It is, however, still premature to argue on this long-term proposal. The crisis in 2025 demonstrated that the notion of a peaceful neighbourhood policy of Pakistan is farfetched.²⁵

Evaluation of INSTC and its Progress in Russia and India

The Indian authorities studied the main parameters and problems of the INSTC in 2014.²⁶ The analysis considered three routes of the transport

²⁴ Permanent Mission of the Russian Federation to the European Union, "The concept of the foreign policy of the Russian Federation," March 31, 2023, accessed on April 22, 2023, <https://russiaeu.ru/en/news/concept-foreign-policy-russian-federation>.

²⁵ "Pakistani PM Shehbaz Sharif again offers olive branch to India for regional peace," Daily Pakistan, October 13, 2022. Accessed April 21, 2023, <https://en.dailypakistan.com.pk/13-Oct-2022/pakistani-pm-shehbazsharif-offers-olive-branch-to-india-for-regional-peace>

corridor. The first route went through Mumbai (India), Bandar Abbas (Iran), and Baku (Azerbaijan) and then to Russia. The study estimated the duration of the journey along the first route at 17-20 days. The second INSTC route passes through Mumbai, Bandar Abbas, Amirabad/Anzali (Iran), and Astrakhan (Russia). The duration of the journey would be 18-24 days. The third route passed through Mumbai, Bandar Abbas, and then by rail from Iran to Central Asia and further to Russia. The duration of the journey would be 15-18 days. All three routes are characterised by the absence of a single operator, which complicates the transportation of goods through the countries included in INSTC.

The test shipment of cargo from Finland to India in June and July 2021 served as a demonstration of the INSTC's capabilities. The train with containers left Vuosaari (Finland) to Astara station (Azerbaijan) through the territory of Russia, and it took eight days. Then the containers were delivered to the Astara terminal (Iran), from where they were transported by road to the Rasht station, and then to the port of Bandar Abbas and then onwards by sea to Mumbai.²⁷ The total transit time between Finland and India was 22 days.

The potential products with which India, Iran, and Russia could trade through the INSTC²⁸ are onions, potatoes, garlic, tomato puree, food grains, edible oil products, fruits, engineering and electronic goods. Improved regional connectivity can lead to increased trade, tourism, investment, and ultimately, more employment opportunities and national income. Iranian exports are petroleum products, crude oil, steel billets, gypsum, cement, and dates. The Russian potential exports under INSTC could include steel billets, coal, fertiliser, wooden logs, pulp and paper, crude oil, and

²⁶ "International North South Transport Corridor (INSTC): Dry Run Report 2014," *Ministry of Commerce & Industry*, 2014, accessed on December 5, 2022. http://commerce.nic.in/publications/INSTC_Dry_run_report_Final.pdf.

²⁷ Chaudhury, Dipanjan Roy, "INSTC connects Europe with India for first time," *The Economic Times*, June 24, 2021, <https://economictimes.indiatimes.com/news/economy/foreign-trade/instc-connects-europe-with-india-for-first-time/articleshow/83798511.cms>.

²⁸ "International North South Transport Corridor (INSTC): Dry Run Report 2014."

Dr Petr Topychkanov

petroleum products. Moving such a variety of goods requires using different types of transport and handling uneven loads. Thus, it necessitates a balanced and fool-proof policy of logistics among the member countries that are well in relevance with their economic, legal, and technical considerations.

Following European countries' blockage of trade relations with Russia and the latter's countermeasures in the context of Russia's military operation against Ukraine, the transit of Indian cargo through Russia to the EU was obstructed.²⁹ However, Russian and Finnish media confirmed that railway traffic between the two countries was used to transport fertilizers, oil products, chemicals, and fuel for Finland's nuclear energy programme.³⁰

The Russo-Ukraine war significantly limited traffic flows between Russia and the European states, and at the same time caused a revival of cargo transportation on the INSTC. In particular, between May and July of 2022, the Iranian transport company 'Iran Shipping Lines' transported 3,000 tons of cargo in 114 containers. This company created an operational working group in April to increase and manage cargo flows.³¹ In 2022, during his visit to Iran to participate in the Astana "Troika" summit, Russian President Vladimir Putin said that Moscow is ready to invest in constructing the Rasht-Astara railway.

Ambiguity in INSTC Project

For the fully-fledged functioning of the INSTC, several conditions are required to be met by the member states in coordination with the experts

²⁹ Khodjayevev, "'Death' of China-to-Russia cargo transit routes means it's 'all aboard' for Kazakhstan," BNE IntelliNews, June 25, 2022, accessed on November 26, 2022, <https://www.intellinews.com/death-of-china-to-russia-cargo-transit-routes-means-it-s-all-aboard-for-kazakhstan-248035/>.

³⁰ Yle News, "VR Resumes Cargo Traffic to Russia," *News*, March 30, 2022. <https://yle.fi/a/3-12383309>.

³¹ "India, Russia boost trading volumes using INSTC corridor via Iran," *ET Now*, August 17, 2022, accessed on December 5, 2022, <https://www.timesnownews.com/business-economy/economy/india-russia-boost-trading-volumes-using-instc-corridor-via-iran-article-93604731>.

from the international organisations to create modernisation and uniformity in the transport infrastructure while maintaining higher technical standards.³²

Transparent legal conditions for the unhindered passage of goods through various countries would require both the synchronisation of customs, legal, procedural norms and practices regarding cargo insurance, ensuring their safety and cost-effectiveness.³³ Presently, the cargo goes from India to Russia, and then towards the opposite direction. Thus, containers go northwards full and empty south, while tank wagons and tank containers return empty from south to north.³⁴ The INSTC will remain unprofitable if this issue is not addressed and maximum efforts are not made to ensure that unhindered cargo flows on both sides of the geography.

Significant diplomatic efforts are required to attract foreign investment in the INSTC and increase economic interest in the corridor. Both Europe and the United States must be urged to ease the sanctions so that its modernisation and operational measures could be ensured. A joint operator for the purpose, which Russia and Iran have discussed in 2021, would also help to launch the INSTC to its fullest potential.³⁵

³² Ahunbaev, Usmanov, Vinokurov, and Zaboev, "International North–South Transport Corridor: Investments and Soft Infrastructure," *Eurasian Development Bank*, 2022, accessed on November 26, 2022, https://eabr.org/upload/iblock/fa0/EDB_2022_Report-2_INSTC_eng.pdf.

³³ Moon, "Developing Coordination and Institutional Arrangements for the Management of Intermodal Transport Corridors in the ESCAP Region," *The UN Economic and Social Commission for Asia and the Pacific*, 2019, accessed on November 26, 2022, <https://www.unescap.org/sites/default/files/Finalized%20study%20report%20on%20intermodal%20corridors%20December%202019%20%20.pdf>.

³⁴ Singh, and Sharma, "INSTC: India-Russia's Trade to Get a Major Boost," *Russian International Affairs Council*, September 20, 2017, <https://russiancouncil.ru/en/analytics-and-comments/analytics/instc-india-russia-s-trade-to-get-a-major-boost/>.

³⁵ Segodnya, "Rossiya i Iran obsudili zapusk MKT «Sever-Yug»," September 12, 2021, accessed on November 26, 2022, <https://tdh.gov.tm/ru/post/28625/rossiya-i-iran-obsudili-zapusk-mkt-sever-yug>.

Political Considerations of the Member Countries

The most significant political challenge for the INSTC members is the instability and unpredictability that characterises the relationship the member countries have with the world. Russia and Iran remain subject to various sanctions from the US and European states. They greatly impact the modernisation process required for high-tech transportation while using the Corridor. The project of Chabahar, even though India managed to exclude it from the US and EU sanctions, has suffered due to direct sanctions on Iran.³⁶ India is expected to play a balancing act between Western countries and Iran. In mid-October of 2022, India participated in a virtual meeting with the United States, Israel, and the UAE, and in a few days these three countries separately discussed Iran's nuclear programme,³⁷ and that faced a lot of criticism from Tehran against India. This shows the dynamics of multilateralism. India, likewise, also addressed the development of transport links with Europe through the Persian Gulf and the Mediterranean region at the summit in Greece, along with Egypt, Cyprus, the UAE and Saudi Arabia.

India's desire to establish its relationship with the Central Asian countries are also not well received in both Moscow and Beijing. In a telephone conversation between President Putin and Prime Minister Modi on December 25, 2021,³⁸ the importance of cooperation between Russia and India in Central Asia was emphasised. Though India is relying more on its multi-vector policy of using the INSTC for several multi-dimensional goals, they are reflective of individual interests more than the collective utility of the Corridor for all the member countries. For instance, it desires

³⁶ Aliasgari, Soroush, and Marin Ekstrom, "Chabahar Port and Iran's Strategic Balancing With China and India," *The Diplomat*, October 21, 2021, <https://thediplomat.com/2021/10/chabahar-port-and-irans-strategic-balancing-with-china-and-india/>.

³⁷ "The Other Quad: On virtual meet of Foreign Ministers of India, US, Israel and UAE," *The Hindu*, October 19, 2021, <https://www.thehindu.com/opinion/editorial/the-other-quad-on-virtual-meet-of-foreign-ministers-of-india-us-israel-and-uae/article37079666.ece>.

³⁸ "Telephone conversation with Prime Minister of India Narendra Modi," *Kremlin News*, December 20, 2021, <http://en.kremlin.ru/events/president/news/67392>.

to develop a transport infrastructure that connects India with Central Asia for which Chabahar is of significant importance. Secondly, it is interested in a bilateral trade with Russia through Iran. At the same time, India is ready to consider two trade routes with Russia: one runs east of the Caspian Sea through Iran, Turkmenistan, and Kazakhstan; and the second goes through Iran and Azerbaijan. And finally, the third goal of India is to develop a trade route to Europe through Iran, Armenia and Georgia, bypassing Russia. As a result, India focuses on different groups of states united within the framework of the INSTC.

Conclusion

Regional connectivity facilitates the flow of goods, services, and knowledge using both physical and non-physical networks. The level and effectiveness of their connections is more determined by the sustainable relations amongst the participants of any project. This policy is valid for place-based economic development, aiming to foster deeper economic and people-to-people ties. Hence, improved regional connectivity can lead to increased trade, tourism, investment, and ultimately, more employment opportunities and national income.

Reference to the agreement reached amongst Iran, Russia and India is now facing several complex vulnerabilities due to the divergence in their interests. While there are no permanent friends or foes in realpolitik; it is the national interest that steers the relationship. The changing paradigm towards a multi-polar world is a vital component of variance in the relationships of the countries. For instance, India's interests related to the INSTC are unlikely to fully coincide with what Russia declares when it talks about Eurasian integration and conjugation of traffic flows from East to West and South to North. India will probably evaluate the prospects for Eurasian integration based on how its relations with China will develop and how Russia will emerge from the current crisis with the West due to the armed conflict with Ukraine. For India, stable ties with markets in Europe, Southeast Asia, Africa, the Middle East and the United States are a priority. Ultimately, India seeks to become not the periphery of the Eurasian space

Dr Petr Topychkanov

but a focal player in the Indo-Pacific region. This long-term strategy of India defines India's approach to the development of INSTC.■

