

The International North –South Transport Corridor:Challengesand Prospective

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ABSTRACT: At present, the International North-South Transportation Corridor (shortened as INSTC) is extraordinarily in academic talk and universal media spotlight. . This is for the reality on the ground exercises identifying with the passage venture, which associates Northern Europe with South-East Asia, are currently advancing going full bore. India, Russia and Iran are major taking an interest states to this extend. Azerbaijan because of its geostrategic centrality in the supra-landmass of Europe and Asia (Eurasia) and national monetary aggressiveness is rising as a key nodal point along the INSTC. Its 'Vital Roadmap for Logistics and Trade Development' is directing the nation's progress from a conventional economy to an inventive, innovation rich and information based economy at the household front, and encouraging the foundation of traveller and products network with different nations at the universal front.

The purpose of this research is to find out about the INSTC aims and objectives and how it connects the member countries, its effects on reducing time and cost of transportation, removing tariff and Non-Tariffbarriers which are the important components in international business competition. This study is brought up by both primary and secondary data such as interviewing of the the experts and panel dissuasion. The secondary data is collected form the MoUs signed between member countries, journal, books and periodical.

KEYWORDS: INSTC, Trade, Transport Linkage

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I. INTRODUCTION:

1.1. International North South Transport Corridor (INSTC): Redefining the Eurasian landscape

The INSTC is a multi-modular transport Corridor – i.e., rail, road and ship courses for moving cargo between India, Russia, Iran and Europe. The conceptualization of this task owes its root to a Freight Forwarding Agreement that was marked by the cargo sending organizations of Iran, Russia, and India in 1999 (Bokarev, 2016). At that point, the three nations met up to consent to a between administrative arrangement for formally introducing the task on twelfth September 2000 in St. Petersburg. Immediately, every one of the three signatory states confirmed the assertion, and it came into the drive on May 16, 2002 (Volkhonsky, 2016). This is a 4,500 mile (7,200 KM) course that would sidestep the Suez Canal, cutting a long time off of the ocean course travel time from the Arabian Sea to the Baltic. The reasonable work on INSTC did not begin for a long time from the early years of its conceptualization. This was for the most part because of the Western (particularly the US) forced assents administration against Iran, which got incrementally brought up in the 2000s decade (Sabatini, 2010). Likewise, different elements contributed in such manner, as non-accessibility of fundamental accounts, the absence of the political will of the taking part states, et cetera, moderated the improvement on this undertaking in the vicinity of 2005 and 2012 (Roy, 2015). Nevertheless, in the midst of these years, the Coordination Council of the INSTC held get-togethers to look at changed issues identifying with it and even grasped proposals made by the Experts Groups of the INSTC.

On January 18, 2012, a get-together of the INSTC part countries was held in New Delhi to discuss modalities for progressing on the INSTC wander. In the midst of this social event, reinforce from other Central Asian countries, like Turkmenistan, Uzbekistan, Kyrgyzstan, and Turkey, were searched for remembering the true objective to complete the missing associations along the foyer (Sarma &Jafarova, 2017:13-15). This get-together gave the vitality to the execution of the endeavour. On June 24-25, 2013, the fifth Coordination Council meeting was held in Baku whereby it was suggested that the Federation of Freight Forwarders' Associations in India (FFFAI) will coordinate the dry run look at with two holders on the two courses of the section, i.e. Mumbai to Baku through Bandar Abbas or Chabahar port and the second was Mumbai to Astrakhan by methods for Chahabar , Bandar Abbas , Tehran and Bandar Anzali, with a particular ultimate objective to envision the issues looked at the trade. In August 2014, FFFAI viably coordinated a dry run examine with 2x20ft

compartments on the two the INSTC courses (Ministry of Commerce and Industry, Govt of India, 2015). The results exhibited transport costs were reduced by "\$2,500 per 15 tons of payload". The present individuals from this Corridor are India, Iran, Russia, Azerbaijan, Kazakhstan, Belarus, Tajikistan, Kyrgyzstan, Oman, Syria, Turkey, Ukraine, and Bulgaria (onlooker). Turkmenistan, at the present time not a formal individual from the INSTC, is most likely going to have road system to the entry in the wake of being formally invited by Indian Prime Minister Narendra Modi. Moreover, couple of various countries, like Uzbekistan and Germany, which are not legitimately people from the INSTC have furthermore exhibited energy for interest in completing the missing associations along the way or in other possible ways (Jha, 2015).

1.2 The Main Objectives of This Agreement

1. To build the viability for transport ties keeping in mind the end goal to sort out products and traveler transport along the International "North-South" Transport passage.
2. To promote access to the international market through rail, road, sea, river and air transport of the parties to the Agreement.
3. To provide assistance in increasing the volume of international transport of passengers and goods.
4. To provide security of travel, safety of goods as well as the environmental protection according to the international standard.
5. To harmonize the transport policies as well as law and legislative basis in the field of transport for the purpose of implementing this agreement.
6. to setup, equal and non-discriminative condition for all types of transport service providers from all the parties in transport of passengers and goods within the framework on "North South" Transport Corridor.
7. Reducing transit time and cost for passengers and goods transport in their respective.
8. Simplifying and unifying all administrative, documentation and procedures (including Customs) applicable to international transport of goods and passengers through their respective territories in accordance with the adopted international agreement and standard. (Government of India, Ministry of commerce & industry, 2014).

1.3 Investment made in implementing the North-South International Corridor project:

- Investment made by the United Arab Emirates incorporates building cargo ships for the Persian Gulf notwithstanding building important docks for them and development of a railroad station at Dubai port;
- Investment made by Iran incorporates development of cargo docks in Bandar Abbas port city and development of their wharfs at Shahid Rajaei port in Bandar Abbas city notwithstanding development of comparable docks in Amirabad port and building a prepare station in Amirabad port;
- Investment made by the Russian Federation incorporates development of port and infrastructural offices in Lagan town, development of cargo docks in Lagan town, building 34 cargo ships for route in the Caspian Sea, and building four towboats for compartment freights.
- Investment made by India incorporates development of road linking Chabahar port of Iran to Zeranj – Delaram in South of Afghanistan

1.4 Possible Transport Routes between Northern Europe and the Persian Gulf The Routes by INSTC

- Route I, the Caucasus route
- Route II, the Central Asian route
- Route III, the Caspian Sea route
- Route IV, the South Asian route

These have been tabulated with (Refer Table 1.1) all the main routes and their transit regions. The major players including India, Iran and Russia. The route length, number of border crossings, number of break-of-gauge points, status of electrification, double and single track routes have been stated. It also looks into the status of possible corridor continuation in South Asia.

Table 1.1 the North-South Corridor

North south corridor	Helsinki Bandar Abbas Caucasus Route (Route 1)	Helsinki –Bandar Abbas Central Asia Route (Route2)		Helsinki – BandarAbbas Caspian sea Routes(Routes 3)	Corridor continuation in South Asia (Route 4)			
		Through TaxiAtash	Throu gh Nuku ss		Pakistan	India	Rail Ways	
Total length	6501km	7549km		7885km	5842km through Anzali Bandar	5938 km through Noshahr	7/718/45km	62809km
Major players	Russia Iran	Russia Iran		Russia Iran	Russia Iran	Russia Iran	Iran - Pakistan	Iran - India
No. of border crossing	5	7		5	NA	NA	NA	
No.of brake of gauge points	1	1		1	NA	NA	NA	
Double Track	3,046km(47%)	2,438km(32%)		2,438km (31%)	2,812km	2,812 km	NA	
Single Track	3,455km(53%)	5,111km(68%)		5,447 km(69%)	1,587km	1,443 km	NA	
Electrification	2,360 km(36,3%)	1,598km (21.1%)		1,598km (20 %)	1,563km	1,563 km	NA	

Source: www.unescap.org

1.3. The Central Asian Route

The Central Asian route connects the origin (Finland) with the destination (Iran) through the territories of Kazakhstan, Russia, Turkmenistan and Uzbekistan. There are two options of the route passing through the Central Asian republics-one is via Taxiatas (Turkmenistan) and the other is through Nukuss (Uzbekistan). Both the routes are more or less of equal length (Refer Table No 1.1).

Table 1.2: Routes Passing Through Central Asia

Throught TaxiAtash	Through Nukuss			
Total length	7549 km	<ul style="list-style-type: none"> • 4% Finland (1,524 mm Track gauge) • 34% Russia (1,520 mm track gauge) • 10% Kazakhstan (1,520 mm track gauge) 	7885kms	<ul style="list-style-type: none"> • 4% Finland (1,524 mm Track gauge) • 32% Russia (1,520 mm track gauge) • 10% Kazakhstan (1,520 mm track gauge) • 16% Uzbekistan mm track gauge) • 6% Turkmenistan

		<ul style="list-style-type: none"> • 7% Uzbekistan (1,520 mm track gauge) • 12% Turkmenistan (1,520 mm track gauge) • 33% Iran (1,435 mm track gauge) 	(1,520 mm track gauge)
NO. of Border Crossing	7		5
NO. of Break of gauge point	1		1
Double Track	2438(32%)		2438(31%)
Single Track	5,111km (68%)		5,447(69%)
Electrification	1,598km (21%)		1,598km (20%)

Source: www.unescap.org

According to the findings of the (International Union of Railways – UIC, 2008). To ship a container from Delhi to Helsinki would take about 19 days and 20 hours and from Mumbai to St. Petersburg 17 days and 13 hours, which is considerably shorter than the alternative traditional overcrowded ocean route via the Suez Canal and the Mediterranean Sea (Figure 1.1). In addition, it was reported that terminal transshipments and border crossing took seven days and 18 hours or 39% of the total transit time, which is regarded as a disadvantage, although in freight operations delivery time is only one component and the more important than length of voyage is the shipment cost (Ibid., p.14).

Figure 1.3: Distance and transit times by rail from Delhi, India to Helsinki Finland via western INSTC route

Rail Sections by Country	Time	Share(%)	Distance (Km)	Share(%)
Finnish Section	0d 05h	1%	266	3%
Russian Section	3d 08h	17%	3,233	34%
Azerbaijan Section	0d 21h	4%	528	6%
Iranian Section	2d 14h	13%	1,865	20%
Indian Section	2d 02h	11%	1,510	16%
Railway Carriage (Total)	9d 03h	46%	7,402	79%
Terminal and Border Crossings	7d 18h	39%	0	0%
Sea Transport	2d 22h	15%	1,987	21%
TOTAL	19d 20h	100%	9,389	100%

Source: Transport Utvikling AS Norway, 2008

II. TRANSNATIONAL TRANSPORT

In every region the international systems vary in the extent of use and maturity. Many obstacles in up gradation or creation of intermodal infrastructure and institutions and the use of these systems challenge different countries and group of industries. They recognize the merits benefits of an intermodal freight system for social and economic developments in the ESCAP region. The governments should develop and implement transport policies at the national, sub regional and regional levels to face the growing challenges of globalization.

- They strategically assess the economic environment before formulating policies or deciding upon the framework.
- The need for the development of an international integrated intermodal transport and logistics system which could contribute to the long-term objectives of regional cooperation.

c) They need to mobilize finances for the development of the transport system. They require both the private sector and public sector partnerships and other financial arrangements for their maintenance are in operation from all possible agencies.

d) The Forum of Asian Ministers of Transport held in Bangkok, their first session on 18 December 2009. There were representatives of the transport ministry from 27 countries in the ESCAP region who agreed to develop an intergovernmental agreement for dry countries (UNfrum, 2009). The condition and efficiency of the road, rail and intermodal facilities were benchmarked along with the quality of facilitation in the candidate corridors. The available data was used for this assessment.

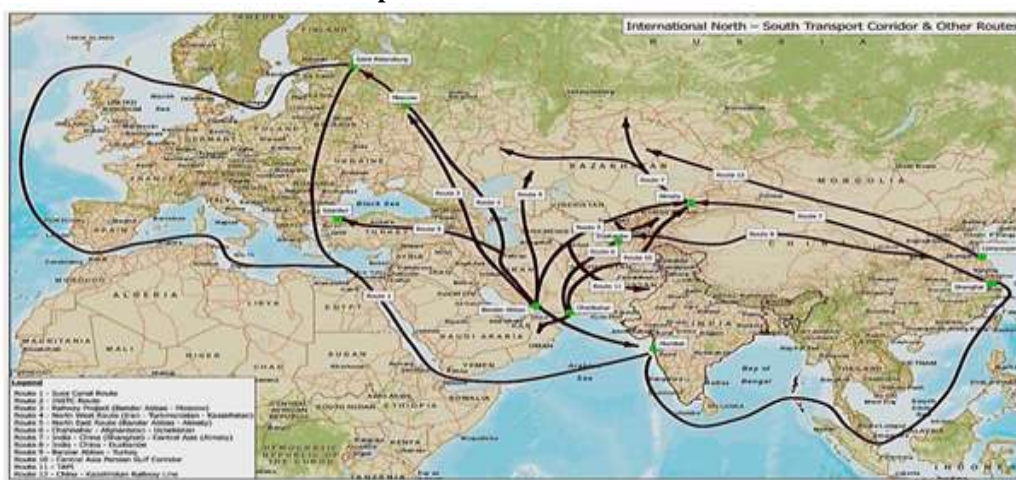
2.1 Major Caspian Ports

- Astrakhan (Russia)
- Turkmenbashi (Turkmenistan)
- Aktau(Kazakhstan)
- Baku (Azerbaijan)
- Ola Russia)
- Makhachkala (Dagestan Republic)
- Chabahar, Bandar e Abas, Anzai - Iran

2.2 INSTC and Suez Canal Route

Long distance in transits and high freight charges due to location of CAR countries (Kazakhstan, Uzbekistan, Tajikistan, Turkmenistan, Kyrgyzstan) being land-locked has been an obstacle in improvement of trade between India and CAR countries. The established land routes through Bandar Abbas is considered more economical in terms of saving of time, safety of cargo and competitive tariff to make it more attractive for the exporters and importers in India and CAR countries. In section below the existing sea route and multi-modal route (International North-South Corridor) are analysed and the two new land routes are proposed.

Map 1.4: INSTC and Alternative



Source: Institute for Defence Studies and Analyses, New Delhi

III. INTERNATIONAL NORTH SOUTH TRANSPORT CORRIDORS INSTC:

Opportunities and Challenges

(a) At present, India needs to rely upon the ocean course by means of Rotterdam to St. Petersburg and increasingly through China and then inland to transport goods to Russia.

To reach out to Central Asia, goods have to be routed through China, Europe or Iran which are long, expensive and time consuming.

Therefore, India needs for a route that is relatively shorter, cheaper and, more importantly, safer and well secured. It is said that the INSTC can diminish time and cost of holder conveyance by 30-40 for every penny.

(b) The capability of this hallway will be manifolds for India if connected with the Southeast

Asian nations. This will help exchange amongst Europe and Southeast Asia also. When contrasted with the flow course through the Suez Canal and the Mediterranean Sea, the INSTC is significantly shorter and practical. The Suez Canal course takes 45-60 days, though the INSTC would take 25-30 days. Truth be told, the INSTC is 40 for every penny shorter and 30 for each penny less expensive.

(c) From India's perspective, this passageway would not just enable India to sidestep Pakistan but then connect with Central Asia and Russia, yet additionally empower it to transport products at less expensive cost to the European markets. Furthermore, Indian fares could possibly get an upper hand because of lower cost and less conveyance time (Ramachandran, 2002).

(d) The completed of Turkmen-Kazakh section of the North South Railway line at Serhetkaya Station on May 11, 2013 provides an alternate to the main INSTC route for connecting to Kazakhstan and beyond from the Iranian port of Bandar Abbas. This course can likewise be utilized from the Chabahar Port once the Chabahar-Zahedan-Mashhad line is appointed, as the entrance to this course is through Mashhad and Ashgabat. With a shorter separation of 600 km, this transnational venture is relied upon to give a catalyst to territorial participation and monetary coordination of the nations in the Eurasian locale with Indian Ocean and Persian Gulf ports.

(e) Removal of sanctions on Iran will open up many opportunities for investors in completing the missing links on the INSTC which in the past was not possible. India has already shown interest in investing in the Chabahar container terminal project as well as the Chabahar-Faraj-Bam railway project. From Bam, which is on the Afghan border, goods can be taken through the Zaranj-Delaram Road, which is linked with the 'garland highway' connecting all major Afghan cities. There is also the possibility of extending this road to Tajikistan and Uzbekistan, which would give further impetus to regional trade and transit.

The maximum capacity of the INSTC, in any case, can't be acknowledged until the point when bottlenecks and limitations are tended to by the part states. Dissimilar to other global organisations, the INSTC still does not have a solid instrument to address the operational issues on ground; issues related to the funding of various infrastructure projects; also, the low level of holder exchange on the INSTC. Because of the low level of exchange, holders frequently return vacant, expanding the cost of compartment development on this course. (Sarma & Jafarova, 2017).

3.1 Challenges:

- Several issues including physical and nonphysical hindrances
- Nearly 40 percent of the Silk Road transport time is squandered in the wildernesses
- Lack of outskirts monitors automated frameworks in traditions organization
- Poor utilization of wise transport frameworks, single window,
- Official numerous confusions would expand the cost of intersection the street reason for the vehicle customs. (Iran Ministry of Road and Urban Development, 2015).

3.2 Economic Threats

Indian Economic Woes: The success of the entire Chabahar port project depends upon the investments which have been pledged by India. In May 2018, PM Modi signed a tripartite agreement with Iran and Afghanistan for the development of Chabahar port and promised more than \$500 million for this purpose. But questions are being raised by many economic experts in India and abroad about the viability of these promises. Although the economic growth rate perineum of India is well above 7%, it still is facing huge economic problems. Indian population is growing fast, its infrastructure is crumbling, corruption is rampant, inflation and large budget deficits among others are the problems which have slowed down Indian economic growth. In 2015, inflation in India picked up to 5.4 %. Indian governments have failed to address the problem of rebuilding much needed infrastructure in India. These economic conditions have raised many eyebrows and critics are asking whether India would be able to invest so much in a project whose success isn't guaranteed. Although, the investments in Chabahar port project will be made over many years but any meltdown in Indian economy or slow economic growth will threaten this project. (Passi, 2017).

Iranian Economic Weakness:

- Threat of Sanctions against Iran by 5+1 countries
- Fair of Investment by foreign investors in Chabahar port due to US withdrawal from BARJAM
- There is a high possibility due to the rather wary reaction of the Iranian Supreme Leader to the P5+1 deal. In such a scenario, the Iranian "economy of resistance" may not be sustainable for long as well. Other criteria such as
- Tariff barriers from Member countries : Customs:
- Non-tariff barriers: Change of gauge:

IV. CONCLUSION:

The INSTC project has been a subject of debate and discussion in the strategic community. Some CAR states are keen to see the INSTC made operational and consider it as an opportunity for an ocean access through Iran. Besides, these nations are keen to use Bandar Abbas as a transshipment hub, which can also serve as an

important land/sea node for trade with India. There are at least two ways in which Chabahar can provide access to the CARs (a) Chabahar-Melak-Zaranj-Delaram-Mazar-e-Sharif-Termez (Uzbekistan) ; and (b) Chabahar-Mashad-Sarakhs-Askabad (Turkmenistan). In that context, the Indian Foreign Secretary has observed; “The Iranians have also plans for developing the rail lines which will go from Chabahar not only towards the Afghan border but further to the Turkmen border through Mashad. All these raise a number of very interesting possibilities in terms of the reconstruction at the industrial developments in Afghanistan in which we have a very large stake” Thus Chabahar is strategically located to offer greater access to the CAR.

- The development of INTSC corridor would give a major boost to economic interests of India by facilitating quick transportation of Indian goods to Russia, North Europe and Central Asia and vice versa

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