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6th Caspian Summit: Prospects for India's Energy Security

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Image Source: Tehran Times <https://www.tehrantimes.com/news/441036/Navies-from-Caspian-Sea-states-ink-fresh-MOU>.



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The 6th Caspian Summit was held in Ashgabat on June 29, 2022, and it engaged all littoral states of the Caspian Sea - Russia, Azerbaijan, Iran, Turkmenistan, and Kazakhstan, also referred to as the Caspian Five. In the final communiqué, the Caspian Five reiterated their commitments to ensure lasting peace, security, and stability in the region, and assured joint efforts to implement confidence-building measures in the region.¹ In the past, the summit has served as a common platform for all littoral countries to come together and focus on solving issues specific to the Caspian region. For instance, the issue of the legal status of the Caspian Sea, trans-Caspian pipelines, and opposition to foreign military presence in Caspian waters have been major issues at Caspian summits since 2002.²

It is important to note that at the 6th Caspian Summit, the Caspian Five focused on the region's prospect of becoming a transit hub for the East-West and North-South corridors. Earlier, all five states signed a cooperation agreement in the field of transportation at the 5th Caspian Summit in 2018. At the 6th Caspian Summit, Russian President Putin emphasized the need to improve the region's transport and logistic architecture and specifically pointed to the International North-South Transport Corridor (INSTC), which connects St. Petersburg (Russia) to ports in Iran and, finally, India.³ It is no surprise that, as a result of Russia's special military operation in Ukraine, Moscow is searching for an alternative route to access markets in Asia. Moscow has the following reasons to support the Caspian region's infrastructure: access energy deficit markets of South Asia and South-East Asia; prevent Europe from gaining access to Caspian energy sources; and undermine western countries in their efforts to isolate Moscow. For instance, Russia's interest in participating in the construction of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline was expressed by Russian Foreign Minister Sergey Lavrov.⁴ It is, therefore, safe to anticipate that in the upcoming years, Moscow will deepen its presence deeply in the Caspian region.

Since April 2022, India's import of Russian crude oil has increased. Before Russia's 'special military operation,' Moscow constituted 0.2 per cent of all crude oil imports. New Delhi took advantage of discounted rates to increase oil imports from Moscow, and currently, the latter makes up for 10 per cent of all crude oil imports, allowing it to become a top ten supplier.⁵ Amidst these developments, Russia's support for INSTC and TAPI project at the 6th Caspian Summit is a clear indication of strengthening regional cooperation amongst the Caspian Five. As talks on the TAPI project are in progress and its future is uncertain,⁶ the INSTC project holds a promising future for cooperation with Caspian countries for India. Earlier, in 2015, Indian Prime Minister Modi, underlining INSTC, said, "As we look forward, we would lend our support to improving transportation and communication networks in the region. We can create a vast network of physical and digital

connectivity that extends from Eurasia's northern corner to Asia's southern shores. The International North-South Transportation Corridor is a step in that direction."⁷

On June 11, 2022, Russia sent consignments to India from St. Petersburg which will reach India through the Caspian port of Astrakhan and the Iranian port of Anzali, and from there to Bandar Abbas and subsequently to ports in Western India.⁸ To introduce it briefly, the INSTC project was initiated by India, Iran and Russia in 2000 to establish transportation networks and enhance connectivity with Central Asian countries. It is a multimodal network of rail, road, and ship routes for transportation that reduces the cost of carriage between India and Russia by approximately 30 per cent. The corridor will boost trade connectivity between major cities of the member states. It envisages the movement of goods from India (Mumbai) to Iran (Bandar Abbas) by sea, from Bandar Abbas to Bandar-e-Anzali (port on the Caspian Sea) by land, and then from Bandar-e-Anzali to Astrakhan (Russian port in the Caspian Sea) by ship, and thereafter to St. Petersburg (Russia).⁹ According to the Federation of Freight Forwarders' Associations in India (FFFAI), the route is "30 per cent cheaper and 40 per cent shorter than the current traditional route."¹⁰ The route will assist India to gain smooth access to the Caspian Sea, Central Asia, and South Caucasus through Iran. Previous studies have highlighted the significance of INSTC for India in terms of its economic and strategic value. For instance, to reduce cost, transit time, and increase trade volumes; to bypass Pakistan territory to access markets in Eurasia; and as India's countermove to China's BRI.¹¹ Nevertheless, challenges such as ongoing sanctions on Iran and Russia, and Russia's participation in China's BRI have been underlined. As an energy deficit country, one of the main objectives for India should be to envision the INSTC project as a prospective energy corridor for Caspian energy.

Can INSTC Help India Meet its Energy Requirements?

The prospect of INSTC for India as a possible energy route to import Caspian oil and gas depends on successful endeavour towards the development of midstream (e.g., pipeline, rail, barge, tankers, trucks) and downstream (e.g., refining, processing, purification) sectors. As Caspian littoral states have historical experience in exploration and production, India should tilt its focus on the above-mentioned sectors. Though earlier writings have shared the optimism of the INSTC as a transit route, they were unable to highlight the reasons which would facilitate such an endeavour.

First, as article 14 of the 'Convention on the legal status of the Caspian Sea' signed in 2018 permitted littoral states to lay trunk submarine pipelines with mutual agreement,¹² the Caspian Five can now easily propose and work towards possible trans-Caspian energy pipeline projects to export the region's reserves. For INSTC to be successful as an energy transit corridor, the participating

countries need to come up with a uniform regional agreement on energy transit. Here, regional political cooperation amongst the Caspian Five is the key to unlocking Caspian energy for India.

The second element that requires attention is the mode of transportation from Iranian oil terminals to Indian refineries. The possibility of deep-sea routes has been debated earlier. For instance, the Middle East to India Deepwater Pipeline (MEIDP) project under South Asia Gas Enterprise Ltd. aims to transport natural gas from Chabahar (Iran) and Ra's al Jifan (Oman) to Porbandar (India). Therefore, the possibility to merge the MEIDP energy corridor with that of INSTC needs to be explored.

The final element is the refineries' ability to process crude oil, and their accessibility to receiving oil consignments. As the southern point of INSTC lies on the western coast of India, the region has refineries capable of processing imported crude oil. The western coast harbours eight refineries, including private refineries. Their significance lies in the fact that they have the ability to process heavy crude. As Russian crude is heavier with large quantities of sulphur, refineries located on the western coast can process such an oil type. Further, the location of refineries on the western coast makes them favourable for the prospective corridor as it will reduce the logistical costs of transportation of imported crude to India.

Amidst India's growing appetite for hydrocarbon resources, Caspian Five has the potential to mitigate India's energy demands to a certain extent. Therefore, it would be beneficial for both India and Caspian Five to work on a multilateral regional energy framework in the region. It will provide Caspian Five access to the world's third largest energy-consuming economy, and provide India access to one of the important sources of global energy.

NOTES:

- ¹ Ministry of Foreign Ministry of Turkmenistan, “The Sixth Caspian Summit was held in Ashgabat,” at <https://www.mfa.gov.tm/en/news/3233>. Accessed on July 12, 2022.
- ² Bud Coote, “The Caspian Sea and Southern Gas Corridor,” April 2017, at https://www.atlanticcouncil.org/wp-content/uploads/2017/04/Caspian_Sea_and_Southern_Gas_Corridor_web_0427.pdf. Accessed on July 12, 2022.
- ³ The Office of the President of Russia, “6th Caspian Summit,” at <http://en.kremlin.ru/events/president/news/68779>. Accessed on July 12, 2022.
- ⁴ “Russia interested in participating in TAPI Pipeline’s construction – Lavrov,” *Business Turkmenistan*, July 16, 2021, at <https://business.com.tm/post/7331/russia-interested-in-participating-in-tapi-pipelines-construction--lavrov>. Accessed on July 12, 2022.
- ⁵ “India’s Russian oil imports jump 50 times; now accounts for 10% of all import: Official,” *The Economic Times*, June 23, 2022, at <https://economictimes.indiatimes.com/industry/energy/oil-gas/indias-russian-oil-imports-jump-50-times-now-accounts-for-10-of-all-import-official/articleshow/92417120.cms?from=mdr>. Accessed on July 12, 2022.
- ⁶ “President Kovind arrives in Turkmenistan for three-day visit,” *NDTV News*, April 01, 2022, at <https://www.ndtv.com/india-news/president-ram-nath-kovind-arrives-in-turkmenistan-to-boost-bilateral-ties-with-key-central-asian-nation-2857236>. Accessed on July 12, 2022.
- ⁷ Anil Sasi, “10 years on, SCO decides to induct India as full member,” *The Indian Express*, July 11, 2015, at <https://indianexpress.com/article/business/business-others/10-years-on-sco-decides-to-induct-india-as-full-member/>. Accessed on July 17, 2022.
- ⁸ Dipanjan Roy Chaudhury, “INSTC operationalized as Russia sends consignments for Indian ports,” *The Economic Times*, June 14, 2022, at <https://economictimes.indiatimes.com/news/economy/foreign-trade/instc-operationalised-as-russia-sends-consignments-for-indian-port/articleshow/92189350.cms>. Accessed on July 17, 2022.
- ⁹ Meena Singh Roy, “International North-South Transport Corridor: Re-energising India’s gateway to Eurasia,” *IDSA Issue Briefs*, August 18, 2015, at https://idsa.in/issuebrief/InternationalNorthSouthTransportCorridor_msroy_180815. Accessed on July 17, 2022.
- ¹⁰ Yeghia Tashjian, “Armenia and India’s vision of “North-South Corridor”: A strategy or a “Pipe Dream?” *The Armenian Weekly*, March 24, 2021, at <https://armenianweekly.com/2021/03/24/armenia-and-indias-vision-of-north-south-corridor-a-strategy-or-a-pipe-dream/>., Accessed on July 17, 2022.
- ¹¹ Vaishali Basu Sharma, “The political economics of the International North-South Transport Corridor,” *The Wire*, June 30, 2022, at <https://thewire.in/world/political-economics-international-north-south-transport-corridor-india-iran-russia>. Accessed on July 17, 2022.
- ¹² The Office of the President of Russia, “Convention on the legal status of the Caspian Sea,” August 12, 2018, at <http://en.kremlin.ru/supplement/5328>. Accessed on July 17, 2022.