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Corridor Cooperation in Caucasus-Central Asian Region: How Should India Proceed?

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The first transport meeting of the member states of the Shanghai Cooperation Organisation (SCO) took place on November 1, 2023, in Tashkent, Uzbekistan. The participants of the forum engaged in a discussion regarding the growth prospects of the transport and logistics sectors in the SCO countries. They explored the potential for digitisation in the transport sector, examined effective strategies for establishing dependable cargo supply chains, and deliberated on methods to ensure sustainable economic growth in the fields of transport and communications.¹

According to the website of the Ministry of Transport of Uzbekistan, a series of agreements were executed:

- (a) A Memorandum of Understanding (MoU) has been established to facilitate the establishment and development of the international transport corridor connecting Belarus, Russia, Kazakhstan, Uzbekistan, Afghanistan, and Pakistan.
- (b) Another MoU has been agreed upon to promote the establishment and advancement of the international multimodal transport corridor linking Russia, the Caspian Sea, Turkmenistan, Uzbekistan, and Kyrgyzstan.
- (c) Furthermore, a MoU has been signed between Russia, Uzbekistan, and Kyrgyzstan to support the formation and development of an international multimodal transport corridor that will traverse Russia, the Caspian Sea, Turkmenistan, Uzbekistan, and Kyrgyzstan.²

The participant states in the forum comprised of members from many regional groups, including the BRICS association, and the Eurasian Economic Union (EAEU).

In recent times, countries in Central Asia and the Caucasus region have been actively engaged in efforts to promote and facilitate intra-regional connections. Leaders are actively extending calls to other countries, with the aim of fostering closer ties and collaboration within the region. For example, in October 2023, Mohammad Mokhber, the first Vice President of Iran, expressed willingness to establish a transit corridor to connect the member nations of the SCO.³ In a similar vein, Turkmenistan and Azerbaijan have expressed their readiness to augment the number of goods transported over the CASCA+ (Central Asia, South Caucasus, and Anatolia) multimodal transport route as well as the Trans-Caspian International Transport Corridor. The proliferation of connectivity corridors serves as tangible proof of regional cooperation. As Russia is strategically shifting its focus towards Asia due to the imposition of Western sanctions, there are chances of an

increase in corridor cooperation within the regional states. Likewise, countries in the region also realise Russia's pivot as an opportunity to implement and strengthen their transit initiatives. The situation presents mutually beneficial outcomes for both Russia and the land-locked countries in the region.

How should India proceed in the Energy Sector?

The region witnessed Moscow's strategic shift towards Asia, Iran's inclusion in the SCO and BRICS, and the rush of external powers to establish new connectivity links with the South Caucasus and Central Asian states. With the development of new connectivity routes, it is crucial for India to augment its engagement and look into the energy aspect of connectivity corridors.

Engage in hydrocarbon initiatives within regional frameworks

In contemporary times, the oil and gas sector in Iran has seen notable advancements. In the upstream sector, Iran has recently authorised the involvement of International Oil Companies (IOCs) in all stages of upstream projects via the implementation of Iran Petroleum Contracts. IOCs have the ability to participate in many stages of oil production, including exploration, development, and potentially expanding their involvement to include Enhanced Oil Recovery (EOR) phases. The downstream sector of Iran's energy industry saw the ratification of the Law on the Protection of the Downstream Oil and Natural Gas Sector with Private Investment (2019) with an objective to facilitate the implementation of privatisation in the downstream sector. These advancements provide India with a prospect to construct a platform for engagement with Iran's oil and gas enterprises within the frameworks of BRICS and SCO. The potential areas for Indian energy businesses include the modernisation of Iran's oil and gas technology, assistance in the implementation of EOR initiatives, and the establishment of Liquefied Natural Gas (LNG) export facilities.

Collaborate in port development initiatives

Countries in the region, such as Kazakhstan, have placed significant emphasis on investment in infrastructure and logistics mainly seaports pertaining to the International North-South Transport Corridor and the Trans-Caspian International Transport Route. Seaports have played a pivotal role in the development of the oil and gas sector, particularly in terms of providing access to offshore oil and gas fields and allowing the exportation of oil and gas resources. Therefore, it is imperative for New Delhi to give serious consideration to Astana's proposal for the construction of ports in the Caspian Sea to foster energy cooperation. Despite its gradual increase in investments and the development of ports in the region, India should strive to undertake more measures. The recent

manifestation of bilateral agreements between India and Russia pertaining to shipbuilding activity in Astrakhan demonstrates the possibility for such cooperation initiatives with other Caspian littoral governments. The prioritisation of ports as facilitators of energy security is essential for the Indian energy sector, as they have the potential to enhance maritime energy transit. The use of ports facilitates the accessibility of offshore oil and gas reserves, hence allowing the streamlined transfer of people, equipment, and supplies to and from offshore platforms. Ports have the potential to facilitate the development of new offshore fields and enhance production capacity. Considering the geographical distance of India, it would be prudent for India to give priority to the development and progress of midstream projects.

The growing connectivity between the South Caucasus and Central Asian states has attracted the attention of several external powers in recent years, leading to increasing interest in intra-regional transit corridor efforts. Therefore, it is crucial for India to intensify its engagements in the upcoming connectivity projects of the region.

Notes:

¹ Shanghai Cooperation Organization Secretariat, "First SCO Transport Forum," November 2, 2023, <http://eng.sectSCO.org/economy/20231102/965107/-First-SCO-Transport-Forum.html>. Accessed on November 14, 2023.

² Natalya Butyrina, "Russia, Kazakhstan and Uzbekistan will create new transport corridors," *Caspian Bulletin*, November 3, 2023, <http://casp-geo.ru/rossiya-kazahstan-i-uzbekistan-sozdadut-novye-transportnye-koridory/>. Accessed on November 14, 2023.

³ "Iran says ready to create transit corridor linking SCO members," *Xinhua News*, October 26, 2023, <https://english.news.cn/20231026/b2b64d80183a4be1bcbbb671c2555543/c.html>. Accessed on November 14, 2023.