

## UPSC Civil Services Examination

### Subject – UPSC GS-II

### Topic – Ashgabat Agreement

The governments of Kazakhstan, Uzbekistan, Turkmenistan, Iran, Pakistan, India and Oman signed a multimodal transport agreement to create an international transport and transit corridor facilitating transportation of goods between Central Asia and the Persian Gulf.

In 2016, India had deposited the instrument of accession with Turkmenistan and its accession to the agreement was approved on Feb 1, 2018, by the founding members of the Ashgabat Agreement.

This is an important topic for the both UPSC Prelims and Mains Exam. This article will hence, provide you with relevant facts about the Ashgabat Agreement, India's membership and International North-South Transport Corridor (INSTC.)

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#### What is the Ashgabat Agreement?

- Ashgabat Agreement is an international transport and transit corridor facilitating transportation of goods between Central Asia and the Persian Gulf.
- The Ashgabat Agreement aims to develop the shortest trade route between Central Asian countries and Iranian and Omani ports.
- The transit agreement provides for a transit corridor across Central Asia and the Middle East through the continuous landmass between Kazakhstan, Uzbekistan, Turkmenistan, and Iran before reaching the Persian Gulf and into Oman.

#### Note:

Ashgabat (It used to be called Poltoratsk between 1919 and 1927) is the capital and the largest city of Turkmenistan in Central Asia, situated between the Karakum Desert and the Kopet Dag mountain range.

## Background of Ashgabat Agreement

- The agreement was initially signed among Uzbekistan, Turkmenistan, Iran, Oman and Qatar back in April 2011.
- It was given additional support in 2014 when a Memorandum of Understanding (MoU) was signed. The MoU discussed on various aspects like legal, procedural, infrastructure, etc., of the trade and transit agreement.
- The entry of Kazakhstan has increased the significance of the agreement by extending it further into Central Asia to the borders of Russia and China.
- The land transport component of the agreement includes rail links running through Kazakhstan, Uzbekistan, Turkmenistan and Iran, of these the Iran-Turkmenistan-Kazakhstan (ITK) railway line is a major route.
- ITK railway line, connects Turkmenistan in the north with Uzen in Kazakhstan and with Gorgan in Iran to the south.
- ITK railway link which became operational in December 2014 is also a part of the India-sponsored North-South international transport corridor (NSITC/INSTC).
- Besides the ITK rail link, the other rail project is the Turkmenistan-Afghanistan-Tajikistan (TAT) rail line.
- TAT railroad will link Afghanistan's Akina-Andkhoy to Turkmenistan's Atamurat-Ymamnazar via Pyandzh in Tajikistan.

(Note: Students should identify these places in the map to get more familiarity)

- Turkmenistan also participates in TRACECA (Transport Corridor Europe-Caucasus-Asia), an international transport programme which includes the EU and 14 Eastern European, South Caucasus and Central Asian states.
- Some experts opine that India's strategy should be
  - To participate in all regional connectivity arrangements that exist outside China's the One Belt One Road (OBOR) Initiatives
  - Involve in connectivity initiatives that supplement and complement the INSTC
  - To diminish the leverage being exercised by Pakistan in curtailing India's connectivity to Central Asian countries.
  - To optimize India's trade routes to the EU, both in terms of costs and time.
  - India – Turkmenistan relation is the key to India's 'Connect Central Asia' initiative.

## Ashgabat Agreement - Transportation Development

Turkmenistan is attempting to consolidate its position as an important regional transit and transport hub, and has already improved its geographical location through other various rail projects:

- Turkmenistan-Afghanistan-Tajikistan (TAT) rail line from 2013
- Afghanistan-Turkmenistan-Azerbaijan-Georgia-Turkey transportation corridor in 2014
- Iran-Turkmenistan-Kazakhstan railroad
- TRACECA (Transport Corridor Europe-Caucasus-Asia) comprising the EU and 14 Eastern European, South Caucasus and Central Asian states.

## Importance of Ashgabat Agreement

- It will enable India to utilize the existing transport and transit corridor to facilitate trade and commercial interaction with the Eurasian region.
- It would synchronize India's efforts to implement the International North-South Transport Corridor (INSTC) for enhanced connectivity.
- India would get an opportunity to reorient the freight traffic to the transcontinental land routes from the conventional Sea routes.
- The operation of a multi-purpose terminal at Chabahar including India's plan to build a 610 km north-south railway from Chabahar to Zahedan couldn't have been realized unless India joined a Central Asian-led transport mechanism.

## **International North-South Transport Corridor (INSTC)**

- The INSTC (International North-South Transport Corridor) is a multi-modal trade transport network that includes rail, road, and water transport from Mumbai in India via Bandar Abbas in Iran to Moscow in Russia.
- The concept was initiated by Russia, India, and Iran in September 2000 to establish transportation networks among the member states and to enhance connectivity with the landlocked region of Central Asia.
- The Foreign Trade Policy of India, 2015-20, has highlighted the importance of the North-South Transport Corridor in expanding India's trade and investment links with Central Asia.
- The INSTC envisages movement of goods from Mumbai (India) to Bandar Abbas (Iran) by sea, from Bandar Abbas to Bandar-e-Anzali (an Iranian port on the Caspian Sea) by road, and then from Bandar-e-Anzali to Astrakhan (a Caspian port in the Russian Federation) by ship across the Caspian Sea, and thereafter from Astrakhan to other regions of the Russian Federation and further into Europe by Russian railways.
- INSTC could facilitate India's economic integration with Eurasian economies and other countries in surrounding regions.

**(Note:** To understand the problem areas and to realise the full potential of the corridor, a dry run was already conducted on the Nhava Sheva–Bandar Abbas (Iran)–Baku (Azerbaijan) and the Nhava Sheva–Bandar Abbas–Amirabad (Iran)–Astrakhan (Russia) route via Caspian Sea in 2014)

## **Relevance of INSTC to India - Economic and Strategic Dimensions**

1. At present, India has to depend on the sea route via Rotterdam to St. Petersburg and increasingly through China and then inland to transport goods to Russia.
2. INSTC would substantially reduce the cost of transporting goods from India to Eurasia and surrounding regions.
3. Some studies say that with INSTC transit time and cost will come down and this would enable the seamless movement of goods from India to Russia and surrounding countries.
4. Estimates are such that the corridor would be 30 percent cheaper and 40 percent shorter than the current route via St. Petersburg to Moscow.
5. If India negotiates a comprehensive economic partnership agreement with the Eurasian Economic Union, INSTC would help India expand its economic, trade and investment opportunities in this region.

(Because it would be easier to access these markets through the INSTC and it would boost the competitiveness of India's trade) (Note: Eurasian Economic Union consists of Belarus, Kazakhstan, Kyrgyzstan and Russia, & Armenia likely to join)

6. Energy-India is one of the largest energy consumer in the world. Central Asia has abundant natural resources, including petroleum, natural gas and uranium, which could meet India's energy needs.
7. The region also offers abundant deposits of fertilizer inputs such as potash.
8. Notably there is huge scope for these countries to benefit from India's expertise in information technology and IT-enabled services ( Because many of the sectors are becoming increasingly service-oriented)
9. It will deepen our engagement in line with Connect Central Asia Policy.

### **What are the challenges faced by Central Asian countries:**

- Competition and rivalries between the countries
- Issues of water scarcity
- Border disputes
- Extremism and fundamentalism
- Drug trafficking
- Environmental degradation and
- Migration
- Growing Violence & Security challenges

### **International North-South Transport Corridor (INSTC) - Role of India**

- There is a strong political and commercial case for India to allocate more political capital to better access to the INSTC and link Iran.
- India should establish an India-Central Asia Forum along the lines of the India-Africa Forum.
- India should be proactive in engaging with the Shanghai Cooperation Organisation (SCO), which has emerged as an influential regional grouping in Eurasia.
- India should to expand the scope of its customs cooperation agreement with Iran so as to get transit facilities via Iran to the Caspian Sea and other Central Asian countries.
- Removal of sanctions on Iran has opened up many opportunities for investors in completing the missing links on the INSTC which in the past was not possible.
  - India has already proposed an investment of \$100 million to develop a free trade zone at Iran, Chabahar, and now the focus should be to ensure that this development is completed fast.

India's intention to accede to the Ashgabat Agreement was to sync India's Look West policy in tune with its Connect Central Asia policy. India's Accession to the Agreement would diversify India's connectivity options with Central Asia and have a positive influence on India's trade and commercial ties with the Central-Asian region majorly.

### **The Way Ahead**

- India, Iran, and Russia are three major pillars of this huge network of north-south connectivity projects, a larger share of responsibility will have to be borne by them.
- Regular enhanced cooperation among the 14 member states of the INSTC needs to be accelerated.
- New members from the region should be encouraged to join the INSTC to make it more effective.
- Important is the prioritization and identification of the projects (both reviving old routes and building missing links) which deserve more attention from the point of their utility in enhancing the trade and economic ties between the countries.
- Member countries need to formulate long-term strategies both at the bilateral and regional levels to address the bottlenecks and to realize the future potential of the corridor.
- Creation of high level working groups on transport cooperation among the regional partners, setting up of independent joint study groups and organizing annual meetings of the technical groups to follow the developments in a phased manner.

A major challenge before the member countries is sustaining the momentum of progress which they have achieved in the last few years.

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