

ISSN: 2582 - 2942



LEX FORTI

LEGAL JOURNAL

VOL- I ISSUE- V

JUNE 2020

DISCLAIMER

NO PART OF THIS PUBLICATION MAY BE REPRODUCED OR COPIED IN ANY FORM BY ANY MEANS WITHOUT PRIOR WRITTEN PERMISSION OF EDITOR-IN-CHIEF OF LEXFORTI LEGAL JOURNAL. THE EDITORIAL TEAM OF LEXFORTI LEGAL JOURNAL HOLDS THE COPYRIGHT TO ALL ARTICLES CONTRIBUTED TO THIS PUBLICATION. THE VIEWS EXPRESSED IN THIS PUBLICATION ARE PURELY PERSONAL OPINIONS OF THE AUTHORS AND DO NOT REFLECT THE VIEWS OF THE EDITORIAL TEAM OF LEXFORTI. THOUGH ALL EFFORTS ARE MADE TO ENSURE THE ACCURACY AND CORRECTNESS OF THE INFORMATION PUBLISHED, LEXFORTI SHALL NOT BE RESPONSIBLE FOR ANY ERRORS CAUSED DUE TO OVERSIGHT OTHERWISE.



ISSN: 2582 - 2942

EDITORIAL BOARD

EDITOR IN CHIEF

ROHIT PRADHAN

ADVOCATE PRIME DISPUTE

PHONE - +91-8757182705

EMAIL - LEX.FORTII@GMAIL.COM

EDITOR IN CHIEF

MS.SRIDHRUTI CHITRAPU

MEMBER || CHARTED INSTITUTE
OF ARBITRATORS

PHONE - +91-8500832102

EDITOR

NAGESHWAR RAO

PROFESSOR (BANKING LAW) EXP. 8+ YEARS; 11+ YEARS WORK EXP. AT ICFAI; 28+ YEARS WORK EXPERIENCE IN BANKING SECTOR; CONTENT WRITER FOR BUSINESS TIMES AND ECONOMIC TIMES; EDITED 50+ BOOKS ON MANAGEMENT, ECONOMICS AND BANKING;



EDITORIAL BOARD

EDITOR

DR. RAJANIKANTH M

ASSISTANT PROFESSOR (SYMBIOSIS
INTERNATIONAL UNIVERSITY) - MARKETING
MANAGEMENT

EDITOR

NILIMA PANDA

B.SC LLB., LLM (NLSIU) (SPECIALIZATION
BUSINESS LAW)

EDITOR

DR. PRIYANKA R. MOHOD

LLB., LLM (SPECIALIZATION CONSTITUTIONAL
AND ADMINISTRATIVE LAW)., NET (TWICE) AND
SET (MAH.)

EDITOR

MS.NANDITA REDDY

ADVOCATE PRIME DISPUTE



ABOUT US

LEXFORTI IS A FREE OPEN ACCESS PEER-REVIEWED JOURNAL, WHICH GIVES INSIGHT UPON BROAD AND DYNAMIC LEGAL ISSUES. THE VERY OBJECTIVE OF THE LEXFORTI IS TO PROVIDE OPEN AND FREE ACCESS TO KNOWLEDGE TO EVERYONE. LEXFORTI IS HIGHLY COMMITTED TO HELPING LAW STUDENTS TO GET THEIR RESEARCH ARTICLES PUBLISHED AND AN AVENUE TO THE ASPIRING STUDENTS, TEACHERS AND SCHOLARS TO MAKE A CONTRIBUTION IN THE LEGAL SPHERE. LEXFORTI REVOLVES AROUND THE FIRMAMENT OF LEGAL ISSUES; CONSISTING OF CORPORATE LAW, FAMILY LAW, CONTRACT LAW, TAXATION, ALTERNATIVE DISPUTE RESOLUTION, IP LAWS, CRIMINAL LAWS AND VARIOUS OTHER CIVIL ISSUES.



International North-South Transport Corridor

Vedant Saraf

INTRODUCTION

WHAT IS THE CORRIDOR?

The International North-South Transport Corridor also known as INSTC is a 7200 km long project which is used for transporting consignment via railway, land, and sea routes amongst India, Iran, Russia, Europe, and Central Asia. The project was commenced by India, Iran, and Russia in the year September 2000 at St. Petersburg. They are also known as founding members. They authorised the agreement of the undertaking on 16th May 2002. The International North-South Transport Corridor will improve the convenience of the terrestrial locked Central Asian States. It is not a new concept. This was used not only by Indians and Europeans but also by global dealers to reach the Central Asian marketplaces. Today the International North-South Transport Corridor is a combined transportation channel connecting the Indian Ocean and the Persian Gulf with the Caspian Sea via Iran, and afterward with Northern Europe via St. Petersburg in Russia. Mumbai is at the southern hub of this route. This prolongs to Bandar Abbas. After Bandar Abbas to Bandar-e-Anzali. After Bandar-e-Anzali to Astrakhan. From Astrakhan to other zones of Russia and additionally to Europe. The International North-South Transport Corridor aims at intensifying the efficiency of transport connections for goods as well as passengers. This also aims at presenting the safety and confidence of goods.

SIGNIFICANCE OF THE INTERNATIONAL NORTH-SOUTH TRANSPORT CORRIDOR

The calculated significance of the International North-South Transport Corridor for India is huge. It proposes numerous chances to improve India's connectivity with Iran, Afghanistan, and European areas.

There are certain essentials which add to the significance of The International North-South Transport Corridor for India:

- In the current scenario, India is dependent on the sea channel from Rotterdam to St. Petersburg through China for transporting goods to Russia. The goods pass through China or Iran to reach Central Asia. These means are not only extended and costly but also time-consuming. The solution to this problem is a route that is not only lessened, inexpensive, faster but also protected. The International North-South Transport Corridor will diminish time and cost by thirty or forty percent.
- There will be numerous benefits for India if this is linked with Southern Asian countries. It will enhance business amongst Southern Asia and Europe. Comparing the present route

from the Suez Canal and the Mediterranean Sea, the International North-South Transport Corridor is very cheap. The canal takes approximately forty-five to sixty days; however, the International North-South Transport Corridor will take approximately twenty-five to thirty days. It is estimated that the International North-South Transport Corridor is forty percent shorter and thirty percent cheaper.

- This corridor will help India to side-step Pakistan to reach European markets, Central Asia and Russia. As a result of this, the Indian Exports will get an advantage because of cost-effectiveness and faster delivery.
- On 11th May 2013, the accomplishment of the Turkmen-Kazakh section at Serhetkaya Station provided a discretion to the central International North-South Transport Corridor for linking Kazakhstan and Iranian ports. This path will also be accessible from the Chabahar Port as soon as the Chabahar-Zahedan-Mashhad link is authorised. This aims at establishing collaboration of regions/countries in Europe along with India Ocean and Persian Gulf since it shortens the distance by 600km.
- Turkey and Pakistan have existing railway connectivity. With plans to improve this connectivity with supplementary routes to the Turkish-Azerbaijan border. The advantage of this new route is that it will reduce the travel time from Istanbul to Mumbai by 14 days and from Istanbul to Lahore by 12 days at least. A bonus is that Turkey has proposed to present important facts and figures for associating Black Sea Economic Cooperation with the International North-South Transport Corridor.
- There is a progressive improvement that will present a motivation for moving forward the International North-South Transport Corridor, i.e., the Iran nuclear deal. It is a deal which is signed by six major powers. If the bans on Iran are removed, it will open numerous possibilities for investors for completing the International North-South Transport Corridor. It will open up further possibilities like motivation for provincial business and exchange.

RECENT DEVELOPMENTS

Seeing past developments, we can say that it was very slow. The council of the International North-South Transport Corridor has implemented the proposals given by the competent authority. Nevertheless, we could not see major developments made from 2005 to 2012.

A conference was held on 18th January 2012 in New Delhi for discussing the procedure for moving the International North-South Transport Corridor project ahead. The minutes of the meeting

disclosed that the assistance of countries like Turkmenistan, Uzbekistan, Kyrgyzstan, and Turkey will be required to complete the absent link in this corridor. After assistance from the member countries, a meeting was held of Experts on the International North-South Transport Corridor from 28th to 30th May 2012 followed by another meeting from 24th to 25th June 2013.

The Federation of Freight Forwarders' Associations in India (FFFAI) in August 2014 conducted a dry run for understanding the problematic areas and for realising the full capability of the corridor. The dry run was conducted on the Nhava Sheva–Bandar Abbas (Iran)–Baku (Azerbaijan) and the Nhava Sheva–Bandar Abbas–Amirabad (Iran)–Astrakhan (Russia) route via the Caspian Sea.¹ The dry run report pointed that “the proposed INSTC route via Bandar Abbas in Iran to Russia and CIS Destination in transit through Iran, could be the best route with optimal transit/cost for the Indian exporters/importers.”²

It was declared that the International North-South Transport Corridor will be operational from mid-January 2018.³ India will send its first consignment of goods from the Iranian port of Bandar Abbas to Russia. India has already promised 500 million dollars for the development of the port making India the largest growing economy.

An introductory delivery of fifteen thousand tons of wheat was dispatched to Afghanistan. Before the second week of April, seven consignments were dispatched to Afghanistan via Chabahar.

Most recent developments include the completion of Qazvin-Rasht in March 2019. India and Russia are considered as major powerhouses behind the International North-South Transport Corridor. They have set targets of \$30 billion in bilateral trade by 2020 and investments of \$15 billion each way by 2025 based on the 2014 Druzhba-Dosti Statement.⁴

INTERNATIONAL AGREEMENTS REGARDING IT

The International North-South Transport Corridor was founded by three members:

- Iran
- India
- Russia.

Other members that joined the International North-South Transport Corridor are as follows:⁵

¹ https://idsa.in/issuebrief/InternationalNorthSouthTransportCorridor_msroy_180815 (Visited on May 12, 2020)

² Dry Run Study Conducted during August 2014 by Shankar Shinde/Sohel Kazani

³ <https://polarconnection.org/india-instc-nordic-arctic/> (Visited on May 13, 2020)

⁴ <https://reconnectingasia.csis.org/analysis/entries/shadow-belt-and-road/> (Visited on May 13, 2020)

⁵ https://web.archive.org/web/20150801192143/http://www.instc-org.ir/Pages/Home_Page.aspx (Visited on May 14, 2020)

- Belarus
- Kazakhstan
- Tajikistan
- Oman
- Armenia
- Azerbaijan
- The Syrian Arab Republic
- Ukraine
- Turkey
- Kyrgyzstan

Observer members are as follows:

- Bulgaria.

The international community has started paying attention to the International North-South Transport Corridor. The Asian Development Bank favoured a Four Hundred-million-dollar loan in December 2017 for the International North-South Transport Corridor for construction in Azerbaijan. This construction was supported with One Hundred Seventy-Five million dollars from the FDA (French development agency). The reason for such investments is that the International North-South Transport Corridor seems promising to foreign investors.

Another agreement took place between Belarus and Azerbaijan for streamlining railway transportation between these two countries. After the agreement was finalised the two countries started finalising policies for taxation and technology. The International North-South Transport Corridor assists in Ninety-Six percent of their two-sided business.

More international agreements started happening to show a promising future for the International North-South Transport Corridor. The agreement between India and Kazakhstan in December 2018. They agreed on using the corridor for increasing their two-sided trade from One-Billion dollars to Five-Billion dollars.

The KTZ Express and India's Tuberos Logistics concluded a transport agreement during the same time.⁶ The two-sided trade was hampered by the United States' sanctions on Iran.

Latvia a country in Europe is looking for collaboration with the International North-South Transport Corridor. The ports of Latvia have been used by India for quite some time for the trade. This collaboration was formalised by the president's visit to India for a discussion about the

⁶ <https://reconnectingasia.csis.org/analysis/entries/shadow-belt-and-road/> (Visited on May 14, 2020)

function of the country inside the corridor. The Latvian PM visited India for endorsing the role of Latvia in the International North-South Transport Corridor. In 2018 a container train was run for testing the link between them.⁷

Another country (Ukraine) from Europe showed interest in the International North-South Transport Corridor. They are not willing to cooperate with a member country (Russia). However, in 2018 November they met for the discussion of the two-sided cooperation under the International North-South Transport Corridor. This meeting happened in China.

Uzbekistan is willing for a tie-up with India as suggested by Kazakhstan for becoming a regional transit hub. Therefore, Uzbekistan's deputy prime minister showed curiosity in joining the International North-South Transport Corridor in August 2018.

CRITICAL ANALYSIS

We can see above that the International North-South Transport Corridor has developed a lot from 2012. International investors are showing interest in investing in the International North-South Transport Corridor because it seems promising. Although we can see that there are great developments in the International North-South Transport Corridor still there are some constraints. We know that the International North-South Transport Corridor still does not have a sturdy institutional method for dealing with operative problems on the ground.⁸ There seems to be a lot of unresolved issues related to customs procedure as well as the process for documentation remains unresolved. We all know that any project needs a lot of funding. Although international investors are investing a lot in the International North-South Transport Corridor still there seems to be a shortage of funding for the development of infrastructure. The lack of funding gives rise not only to problems like infrastructure but also to containerisation. There is a lack of containerisation on the route of the International North-South Transport Corridor. Along with customs, there seems another issue. The issue is that of border crossing regulations. Since there are many nations which are the members of the International North-South Transport Corridor there is an absence of mutual border crossing regulations among the member nations. There is a Higher tariff by rail vis-à-vis road transport relating to movement from Bandar Abbas.⁹ Along with the problem of containerisation there also exists a problem of wagon shortfall. There also seems to be a slight problem of security that originates from rebels which results in high insurance costs.

⁷ Ibid.

⁸ <https://www.clearias.com/international-north-south-transport-corridor-insta/#what-is-insta> (Visited on May 15, 2020)

⁹ Ibid.

There is lack of private sector involvement. The International North-South Transport Corridor has not been successful in securing the participation of the private sector. We need application of digital technologies. In this modern time technology helps trade grow in numerous ways.

CONCLUSION

The International North-South Transport Corridor is a project that put India on the map (meaning it drew the attention of the world). “Even though the investment is well worth with its economic, political, and geo-strategic benefits, it is testing India’s financial backbone.”¹⁰ Although we can see that the International North-South Transport Corridor project is promising there are still constraints that cannot be overlooked. India should take initiative for attracting other countries for a partnership like Japan.

¹⁰ Ibid.