Syllabus subtopic: Bilateral, Regional and Global Groupings and Agreements involving India and/or affecting India’s interests.

Prelims and Mains focus: about the steps taken by the govt to improve connectivity with Central Asia; about Ashgabat agreement; Chabahar port; INSTC

News: Apart from developing trade via the Chabahar port in Iran, India would like to explore setting up “air corridors” between India and five Central Asian nations (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan)

What does it mean?

The air corridors — similar to what India established in 2018 with Afghanistan — would include regular cargo flights with special clearing and customs facilities to expedite the movement of goods, especially fresh fruit and other agricultural produce, and were currently being discussed by the MEA.

Reason for the move

• While flying time from Delhi for most of the Central Asian destinations is two hours, it may take two months for containers sent overland from India to reach these places.

• The lack of overland connectivity had kept the total trade between India and Central Asia quite low at approximately $2 billion per year.

• Availability of air corridors can boost trade in perishable goods, agricultural and food products.

Present Scenario

At present, most of the trade between Central Asia goes via Bandar Abbas in Iran, northern Europe or China. In recent years, the government has been seeking to develop more direct routes from Chabahar, a trilateral arrangement with Iran and Afghanistan, the International North South Transport Corridor
and becoming a part the Ashgabat Agreement. However, the rail-link between Chabahar and the crossover into Afghanistan is yet to be developed, which would be an important part of growing regular trade. At present, $1.5 billion of the $2 billion trade with Central Asia is with Kazakhstan, and more than $1 billion of that comes from crude oil exports to India.

Role of Chabahar port in providing connectivity to Central Asia

India, Iran and Afghanistan believe that Chabahar will become the fulcrum of connectivity for Indian goods to reach Afghanistan and further north to Central Asian states, and for the landlocked Central Asia to find access to ocean through this port. Budget 2020-21 has proposed Rs.100 crore investment to develop the Iranian port.

About Ashgabat Agreement

- The Ashgabat agreement is a multimodal transport agreement between the governments of Kazakhstan, Uzbekistan, Turkmenistan, Iran, Pakistan, India and Oman for creating an international transport and transit corridor facilitating transportation of goods between Central Asia and the Persian Gulf. The agreement came into force in April 2016. Ashgabat in Turkmenistan is the depository state for the agreement.

- The agreement was originally signed by Iran, Oman, Qatar, Turkmenistan and Uzbekistan on April 25, 2011. Qatar subsequently withdrew from the agreement in 2013, the same year Kazakhstan applied for membership, which was eventually approved in 2015. Pakistan has also joined the Agreement from November 2016. India formally joined in February 2018.

- The objective of this agreement is to enhance connectivity within Eurasian region and synchronize it with other transport corridors within that region including the International North–South Transport Corridor (INSTC).

About INSTC
The International North–South Transport Corridor (INSTC) is a 7,200-km-long multi-mode network of ship, rail, and road route for moving freight between India, Iran, Afghanistan, Armenia, Azerbaijan, Russia, Central Asia and Europe.

The route primarily involves moving freight from India, Iran, Azerbaijan and Russia via ship, rail and road.

The objective of the corridor is to increase trade connectivity between major cities such as Mumbai, Moscow, Tehran, Baku, Bandar Abbas, Astrakhan, Bandar Anzali, etc.