Iran and Russia Revive the North-South Transport Corridor

Following agreements reached during the January official visit to Moscow by Seyyed Ebrahim Raisi, President of the Islamic Republic of Iran, to further develop and deepen bilateral relations between Iran and Russia, the countries have decided to jointly revive the North-South Transport Corridor. This decision has become particularly relevant against the background of the unlawful sanctions policy pursued by the United States and its Western allies against Russia and Iran, and Tehran’s and Moscow’s desire to establish trade routes that are not linked to the West.

In order to implement this decision, Iranian authorities are seeking to revive the recently stalled International North-South Transport Corridor (INSTC) project, which traverses Russian and Iranian territory and the two countries’ waters to connect with Asian export markets. As the Islamic Republic News Agency (IRNA) reported on June 11, in order to implement the International North-South Transport Corridor, the Islamic Republic of Iran Shipping Lines (IRISL) has initiated the transit of cargo from Russia to India or to South Asia through the project, using just one consignment note for the entire transit route.

According to Dariusz Jamali, director of the joint Iranian-Russian terminal in Astrakhan, such transits have taken place occasionally in recent times. However, this route has clear advantages: lower transport costs (such as port and customs charges in particular), shorter waiting periods for containers, faster delivery of goods, elimination of dangers in transferring empty or full containers, issuance of legal documents and compensation for possible losses, and faster banking transactions.

The first pilot Russian-Iranian transit proposed by IRISL consists of two 41-ton containers of wood laminated plastic. The consignor is in St. Petersburg and the transit port is Astrakhan. The cargo will then be transported by the
Caspian Sea to the northern Iranian port of Anzali (Bandar-e Anzali) and then by road through Iranian territory from the port of Anzali to the southern port of Bandar Abbas on the Persian Gulf and further by sea to the Indian port of Nhava Sheva. IRISL is the operator. The estimated delivery time is 25 days.

It is assumed that the main Russian exports through Astrakhan could be cereals (wheat), timber and scrap metal.

This transport corridor could go to Afghanistan via Iran’s Sistan and Baluchestan Province. The plan for further joint use of the North-South Transport Corridor even includes the construction of a railway line that could bring goods arriving at Iranian Caspian Sea ports to the south-eastern port of Chabahar. In addition, the construction of a railway line from Chabahar to the Hajigak iron ore mine in Afghanistan, where India has made large investments, is also under consideration.

The International North-South Transport Corridor emphasizes the Russian port of Astrakhan and the Iranian Chabahar as bases for further transport to Eurasia. The development of the latter, as well as the construction of a large petrochemical complex and an export terminal near the port of Jask, are projects being implemented by the Iranian government as part of the Mokran coastal development strategy.

Nevsky Shipyard, which produces multipurpose dry-cargo ships of RSD49 (deadweight of 7150 tons, container capacity of 289 TEU) and 005RSD03 (container capacity of 225 TEU) projects, is also engaged in the work of the North-South transit corridor in building ships for the Caspian Sea.

As part of its increased participation in the North-South Transport Corridor, Iran is considering expanding international road transport cooperation with the countries participating in the Transport Corridor Europe-Caucasus-Asia (TRACECA) program, the Tehran Times reported, citing the Iranian Ministry of Roads and Urban Development. This issue was brought up in particular during a meeting between Aset Assavbayev, Secretary General of the Permanent Secretariat of the TRACECA International Transport Program, and Dariush Amani, Head of Iran Road Maintenance and Transportation Organization (RMTO). The negotiations focused on developing international road transport cooperation with TRACECA member countries and increasing the volume of transit traffic along the corridor. As you may know, the TRACECA International Transport Program, in which the European Union and 12 countries of Eastern Europe, Southern Caucasus and Central Asia now participate, was set up in Brussels in May 1993. The aim of the program is to strengthen economic ties, trade and transport links.

Russian Foreign Minister Sergey Lavrov plans to visit Iran in the near future to discuss, among other things, further steps of cooperation between Russia and Iran. The year 2022 has already seen two important visits in Russian-Iranian interaction. First, Iranian President Ebrahim Raisi’s visit to Moscow in January 2022, which was a clear diplomatic breakthrough for the new head of the Iranian government. And second, Russian Deputy Prime Minister Alexander Novak’s visit to Iran in May, which took place against the backdrop of unprecedentedly harsh sanctions imposed by the West in the wake of the Ukrainian events. The biggest change in regional policy is undoubtedly the prospect of a full-fledged free trade area (FTA) agreement with the EEU. It is expected to be signed by the autumn of this year to replace the interim FTA that came into force on October 27, 2019, and which has already had a positive impact on bilateral trade between Russia and Iran.

In the rapprochement between the two countries, Moscow takes into account the compromise position taken by Iran after the start of Russia’s special operation in Ukraine: while not proclaiming its support for Russia’s actions per se, Tehran has not joined the wave of international condemnation of Moscow, instead placing the main blame for what is happening on the US and NATO. Russia also takes into account that Iran’s potential as an economic partner far exceeds the current level of relations.

Vladimir Platov, expert on the Middle East, exclusively for the online magazine “New Eastern Outlook”.