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Caspian Sea Ports Development: An Area of Strategic Convergence Between India and Caspian Five

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Introduction

The recently held European Union-Central Asia Summit in June 2023 and the China-Central Asia Summit in May 2023 highlighted Brussels and Beijing's interests and the geopolitical relevance of the South Caucasus and Central Asia amidst the conflict in Ukraine. With sanctions imposed on Russia, countries in the South Caucasus and Central Asia are gaining prominence in international affairs. In recent times, the region has emerged as a vital energy import destination for the European Union (EU). One of the key aspects of the EU-Central Asia Summit was Kazakh President Kassym-Jomart Tokayev's request for the development of Caspian Sea ports by the EU. He highlighted the importance of the region by stating that the region accounts for 80 per cent of overland transit traffic along the China-Europe route.¹ Earlier, in the 6th Caspian Summit held in June 2022, Russian President Putin too stressed the significance of the seaport by adopting and implementing the Strategy for the Development of National Seaports in the Caspian Sea, citing the ports of Astrakhan, Olya, and Makhachkala.²

Ports have played an important role in the economic and social development of countries since the beginning of maritime trade. Sea routes cover more than 80 per cent of worldwide commerce traffic (by volume).³ For the Caspian littoral states, ports facilitate excess to international markets and reduce their dependency on their powerful neighbours. An increase in port capacity is one of the sectors highlighted by the European Bank for Reconstruction and Development (EBRD) for the development of the Trans-Caspian International Transport Route (TITR), as referred as the Middle Corridor. The development of the Middle Corridor is significant for Kazakhstan in terms of diversifying oil export sources, 80 per cent of which today use the Russian-controlled Caspian Pipeline Consortium (CPC). Therefore, the strategic and economic significance of seaports for the landlocked countries of the South Caucasus and Central Asia is immense as they facilitate trade, connectivity, and revenue generation.

Why India Should Participate in the Development of Caspian Sea Ports?

Due to the international sanctions placed on it, Russia has begun to seek closer economic and trade ties with states in South and Southeast Asia to compensate for its losses in Europe. Strengthening transport interconnectivity in Eurasia is one of the areas that Russia has prioritised, as noted in its current Foreign Policy Concept of 2023. India's bonhomie with Russia and the littoral states' desire to look beyond Russia and China provide New Delhi with fertile ground to foster regional cooperation.

Boost Trade Connectivity: Since the beginning of Russia's military operations in Ukraine, the significance of connectivity projects in the Caspian region has heightened the interests of all major powers. For instance, the EU and China see the region as an alternative energy import destination while for Russia, the region provides a gateway to markets in South and Southeast Asia. In recent years, new ports such as the Port of Amirbad in Iran (2017), the Port of Turkmenbashi in Turkmenistan (2018), and the Port of Kuryk in Kazakhstan (2018) have sprung up as a result of littoral states' desire to become the region's key transportation hub and have promoted a competitive climate in the Caspian Sea. As India is a member of a multimodal connectivity project - the International North-South Transport Corridor (INSTC), it must prioritise port development, or cooperate on active ports to strengthen its political clout in the region.

Prospects for Energy Security: When it comes to energy transportation, the Caspian Five do not share a single approach. For example, the littoral governments' positions on the Trans-Caspian Gas Pipeline differ. On the one hand, Turkmenistan, Kazakhstan, and Azerbaijan support the building of the Trans-Caspian Gas Pipeline; on the other hand, Russia and Iran oppose the construction of a subsea pipeline, citing environmental risks in the Caspian region. Because of these divergent approaches to subsea pipelines, India must concentrate on investments and port development in the area. Recent agreements between India and Russia on shipbuilding at Astrakhan, as well as the trilateral India-Iran-Armenia grouping, give promise for such an endeavour in the future. As ports would help improve marine energy transportation, the Indian shipping industry must prioritise ports as an enabler of energy security.

Balance China's expanding footprints: China has emerged as a significant partner for Caspian Sea littoral states since Russia's military operation in Ukraine. China's expanding energy interests may be seen in its support for the establishment of a cross-Caspian Sea international transport corridor and the strengthening of transport hubs for China-Europe freight train service, as highlighted at the China-Central Asia Summit held in May 2023. India must expand its strategic foothold in the Caspian Sea to narrow the gap with China. Because India and a few Caspian littoral states are members of regional frameworks such as the Shanghai Cooperation Organisation (SCO), the former should use regional cooperation frameworks to build or invest in regional port infrastructure. Investments and contributions to the development of overseas ports have strategic benefits since they tighten control over important marine routes and energy supply lines while also strengthening collaboration.

NOTES

¹ Natalya Butyrina, "The President of Kazakhstan called on Europe to take part in the development of the Caspian ports," *Caspian Bulletin*, June 06, 2023, <http://casp-geo.ru/prezident-kazahstana-prizval-evropu-prinyat-uchastie-v-razvitii-kaspijskih-portov/>. Accessed on June 25, 2023.

² "6th Caspian Summit," *President of Russia*, June 29, 2022, at <http://en.kremlin.ru/events/president/news/68779>. Accessed on June 26, 2023.

³ Richard Martin Humphreys, "Why ports matter for the global economy," *World Bank*, May 17, 2023, <https://blogs.worldbank.org/transport/why-ports-matter-global-economy>. Accessed on June 26, 2023.

