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India's INSTC Connectivity Strategy amidst Geopolitical Complexities in the South Caucasus Region

Hanifeh Rigi 

Assistant Professor, Department of East and South Asia Studies and Oceania, Faculty of World Studies, University of Tehran, Tehran, Iran. Email: hriqi@ut.ac.ir

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ABSTRACT

One of the important strategies in India's foreign policy is the "connectivity strategy," which seeks to strengthen ties with extended regions including Central Asia and the Caucasus region through transportation and infrastructure development. Indeed, India has strengthened its presence in Central Asia and the Caucasus region through international North-South transit Corridor (INSTC). The Central Asia and Caucasus region is strategically significant due to its geopolitical location and abundant energy resources, making it a focal point of competition between great and regional powers. India's presence, along with China, Russia, the United States, Pakistan, Iran, Türkiye, Armenia, and Azerbaijan, has further complicated the already intricate geopolitical landscape of the region. This research aims to identify the geopolitical challenges and opportunities India encounters via through the International North-South Transport Corridor, under the geopolitical sphere of the Caucasus region, specifically. The research suggests that in the light of the recent geopolitical landscape, India's facing both increased economic cooperation with Russia and economic- defensive cooperation with Armenia, and competitive challenges in the form of rival international corridors and increasing competing interests between the members of international North-South transit Corridor. The research analysis was conducted through a library research method, where relevant sources such as books, articles and websites were utilized to gain a comprehensive understanding of the topic.

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1. Introduction

The Asian region is undergoing significant geopolitical and geo-economic changes, with infrastructure investments driving the "corridorizing" of Asia and exerting a profound impact on the international order (Burna-Asefi, 2024).

The balance of power in Central Asia and the South Caucasus is shaped by competition among great and regional powers seeking to increase their influence in the region (Neset et al., 2023). India has emerged as a key player in the South Caucasus, aiming to establish itself as an influential actor by constructing strategic corridors. These corridors serve as tools for promoting national interests through connectivity initiatives and solidifying its position in the region. The North-South International Corridor plays a vital role in India's connectivity strategy as it functions as a crucial trade route in Central Asia and the South Caucasus.

The evolving international order is marked by the growth and strengthening of new emerging powers expanding their presence across different regions worldwide (Mousavi Shafaei, 2017). One such region drawing attention from these new centers of power is the South Caucasus. Strategically located at Eurasia's political and economic hub, this region facilitates travel throughout Europe via its transport networks while providing access to both the Black Sea and Caspian Sea basin. Consequently, it serves as a gateway to Central Asia and West Asia (Greater Middle East), making it historically significant for great powers vying for control.

Following Azerbaijan's dominance after the Second Karabakh War, several regional powers have intensified their efforts to gain greater influence over this area (Chalikyan et al., 2024). Concurrently, the war in Ukraine, Russian sanctions, ongoing conflicts in the Middle East, and the problems and challenges facing traditional transportation routes such as the Suez Canal have heightened demand for alternative transportation routes. As a result, South Caucasus has become increasingly important linking Asia with Europe via Russia (Wrobel, 2023).

Given the aforementioned geopolitical developments, this raises the question that what geopolitical opportunities and challenges India faces via International North-South Transport Corridor Research indicates that under current geopolitical conditions affecting Central Asia and South Caucasus regions; India experiences increased economic cooperation with Russia alongside defensive-economic cooperation with Armenia via INSCTC but also confronts competitive challenges posed by rival corridors along with rising competing interests among INSCTC members. This study therefore aims at exploring opportunities & challenges faced by India pursuing goals set out within its connectivity strategy using said corridor against backdrop of evolving geopolitics across aforementioned regions utilizing qualitative research methods involving data collection from written sources including books articles & websites.

2. Literature review

Lakshman Chandra Pal (2024) highlights that the International North-South Transport Corridor (INSTC) serves as a gateway for India to access the abundant resources of Central Asian countries without traversing Pakistan. This corridor offers opportunities for India to export products to countries in North and Central Asia, such as Russia, while reducing the cost of hydrocarbon imports via traditional routes (Pal, 2024). Meanwhile, Sanjana Gogna (2019) explores the trade and strategic potential of INSTC for India. She emphasizes the significance of Iran's relief from UN sanctions, China's growing influence through the Belt and Road Initiative in the region, and Central Asian countries' urgent need for sea access as new motivations for bolstering this route (Gogna, 2019).

A recent study on "Assessing the effect of international North-South transit Corridor on India's trade with Eurasia: an application of gravity model" reveals that India's trade with Eurasia has been progressing. Using a gravity model of international trade, it shows that factors like distance and landlocked trading partners negatively impact Indian exports. However, it

underscores the positive influence of INSTC on these exports while highlighting challenges hindering its full realization (Azmi et al., 2024).

Taneja et al.'s study similarly examines India's export potential to INSTC member states by focusing on undiscovered opportunities that could help achieve New Delhi's goal of reaching \$2 trillion in exports by 2030. They also emphasize barriers impeding comprehensive realization of this corridor's potential—such as enhanced banking and insurance services—and stronger hinterland connectivity requirements (Taneja et al., 2024).

Although these studies highlight opportunities and challenges related to INSTC, they do not delve into how geopolitical developments affect India via this corridor. Therefore, this research aims to investigate both potential opportunities and challenges facing India within the context of INSTC given new geopolitical realities in South Caucasus and Central Asia regions.

3. Bridging Distances: Corridors as Gateways to Global Connectivity

Unlike the bipolar Cold War era, the current global order is manifested by a proliferation of players, giving rise to a fluid and dynamic international system which can provide new space for state to interact in the regional environment. These new players and regional powers are active and striving to enhance their presence, power, and influence in the new space (Mousavi Shafaei, 2017).

Indeed, during the current era, the two concepts of "connectivity" and "regional integration" have emerged as noticeable subjects in the world, so that the leaders of the states seek to promote closer interactions and foster boost regional connectivity (Purushothaman & Unnikrishnan, 2019). The economic area has therefore gained crucial importance in influencing the geopolitical power dynamics in the world.

In the 21st century, Asia has arguably become the focal point of all connectivity initiatives, marking a new era of regional and global integration centered on this continent. The region's trade and economic cooperation model rests on the pillars of hard and soft connectivity approaches. These connectivity projects, including China's Belt and Road Initiative, the Asia-Africa Growth Corridor (AAGC), the EU Global Gateway, and the Asia-Europe Meeting (ASEM), aim to reinforce Asia's economic ties with other regions. A majority of initiatives in Asia are focused on promoting partnerships through the reinforcement of economic ties, conducted by shared principles and standards, with the aim of strengthening relations and connectivity between Asia and Europe (Prakash, 2023: 16).

corridors play a crucial role in driving international connectivity policies. They take diverse forms, from "simpler" transit corridors to "more complex" economic corridors (Delivorias & Falkenberg, 2024). These corridors transcend transportation, stretching to trade and energy networks as well. They play a pivotal role in shaping power dynamics among nations and significantly influence the contemporary international order (Deveci, 2023).

International Transport Corridors (ITCs) serve as crucial means for overcoming the numerous obstacles of geography, economics, and politics that hinder the flows of trade and transportation. These corridors are of particular importance in the Eurasian region because they connect spaces where states grapple with their continental position (Balbaa, 2022: 121). They can contribute significantly to the regional and global progress and integration; as well as facilitate investment and the movement of economic goods across borders through transport systems – road, rail, ports and airports. Corridors often go beyond physical structures and infrastructure and generally aim to create and strengthen intergovernmental cooperation in different regions of the world. For instance, integrated economic corridors are considered as a catalyzing factor for economic expansion and regional integration in the regions, particularly in less-developed and crisis-affected regions (Transnational economic corridors: Strengthening trade flows and development, 2024).

Geopolitically, these economic corridors emerge as strategic tools that act as platforms for exercising political, economic and security influence, thereby shaping dynamics of the states' interactions engaged in the corridor. It means they serve as a tool for geopolitical maneuvering in the contemporary world. International economic corridors have now emerged to hold an important position in the global geopolitics arena and are changing the landscape of regional integration and international trade in Asia, the Middle East and Europe as key regions. Indeed, as states seek to exert influence over the region via the corridors, corridors often become the platform for geopolitical rivalry, with countries vying for strategic influence by creating supremacy in their respective corridors. This power game displays from extending political and economic schemes to the augmentation of trade, connectivity, and facilities. Therefore, the development of corridors is not only an economic approach, but it is also imbued with geopolitical maneuvering (Razzaq Khan et al., 2024: 251).

Thus, Regional and global powers strive to augment their influence and presence in a region through the corridors and pursue their strategic interests through political, security and economic objectives (Burna-Asefi, 2024).

India, as an emerging power, has also paid special attention to corridors as strategic assets in its connectivity strategy to secure both its economic and geopolitical interests. One of the active corridors in the South Caucasus and Central Asia region is the International North-South Corridor, which is led by India regarded as a key asset for increasing the country's influence in the South Caucasus and Central Asia region, coupled with pursuing of both its economic and geopolitical interests.

4. Corridors in India's Connectivity Revolution

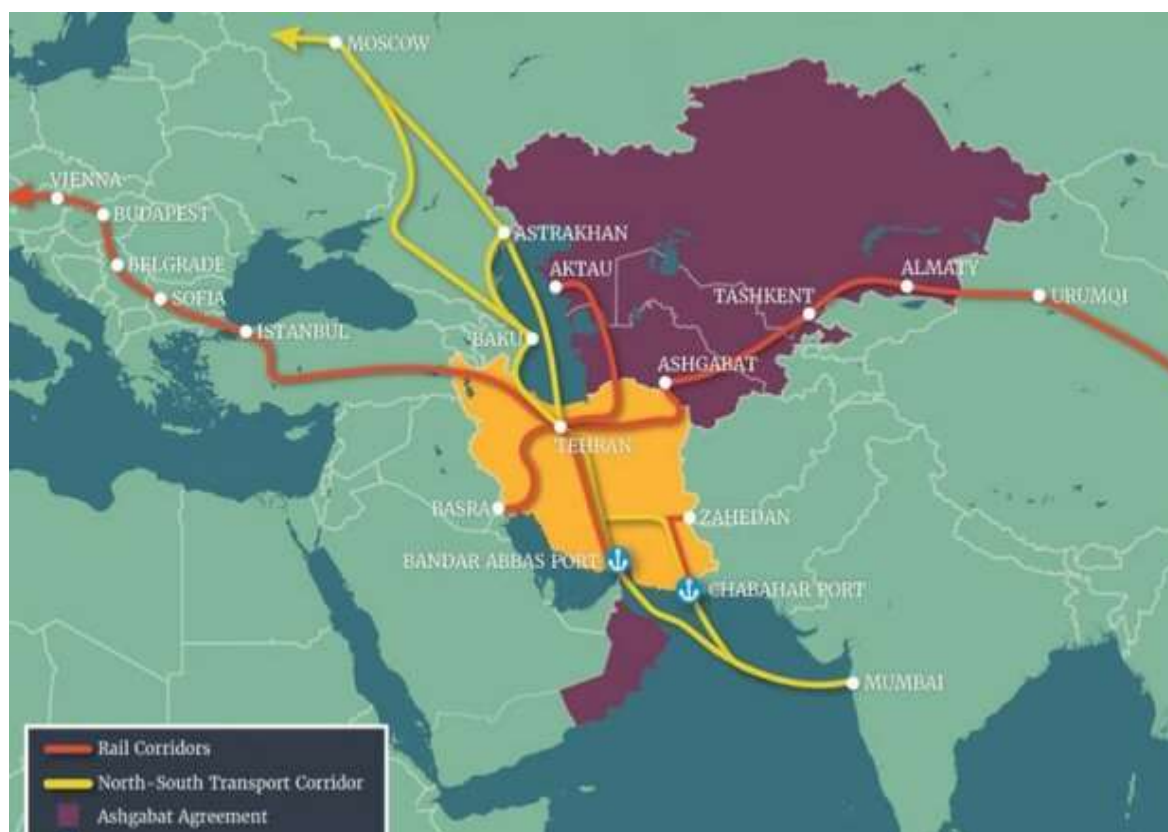
Following years of conflict, Asian leaders have been working to strengthen regional ties and integration. Globalization and increasing interdependence have significantly advanced this strategy among Asian leaders. Meanwhile, India, as a pivotal actor on the Asian continent, has placed greater emphasis on this approach than ever before (Purushothaman & Unnikrishnan, 2019: 3). In the field of Indian politics, the term "connectivity" has emerged as one of the newest geostrategic terms in various regional and global contexts, this strategy is used by Indian officials to create various initiatives, including strengthening trade exchanges with several strategic partners, including Japan, ASEAN or the European Union. India's primary motivation for pursuing the new connectivity policy has been a geostrategic response to China and its unprecedented linkages across the subcontinent. By encroaching on India's sphere of influence, Beijing has expanded its diplomatic, economic, and political footprint widely in South Asia (Xavier, 2020: 8); Gradually, India has also applied its connectivity strategy to the extended regions. In fact, China's increasing influence in other regions, including Central Asia and the South Caucasus, has led India to seriously pursue its connectivity strategy in these regions to contain China's influence.

Another factor has prompted India to pursue new connectivity policy arises from global geopolitical dynamics that sustained economic expansion can only be achieved in a peaceful environment (Yhome, 2015: 1217). Indeed, Connectivity strategy of India is supported by the ambitious idea of economic growth and centrality in regional trade networks (Xavier, 2020: 10). Thus, the connectivity strategy enables India to strengthen its connectivity not only in South Asia but also in the Central Asia and South Caucasus region, an important political and economic hub of Eurasia. The development of International Transport Corridors serves as a main tool to move forward India's connectivity strategy (Delivorias, A & Falkenberg, 2024).

India has initiated the creation of corridors at the national and international levels. At the domestic level, the creation of national industrial corridors has been shaped in line with the development of new industrial cities as "smart cities" and the convergence of next-generation

technologies in the infrastructure sectors. The development of industrial cities in India can increase India's competitiveness with the best manufacturing and investment destinations in the world. Therefore, this program can contribute to the overall socio-economic development of India by creating employment opportunities and economic growth (National Industrial Corridor Development program, nd).

To more develop its connectivity strategy internationally, India has engaged in numerous multimodal corridors, including the Bangladesh-China-India-Myanmar (BCIM) Corridor, the India-Middle East-Europe Corridor (IMEC), and the International North-South Transport Corridor (INSTC) (Delivorias, A & Falkenberg, 2024).



Map 1. International North-South Transport Corridor

Source: <https://iccci.ir/en/iran-to-join-developing-eastern-route-of-north-south-corridor/>

The International North-South Transport Corridor which connects the countries in the South Caucasus and Central Asia to Europe through Iran, plays an important role in the development of East-West transport and the Central and South Asian energy route. The international North-South Transport Corridor as a multimodal transit network links India, Iran, Russia, and several Central Asian and Caucasian countries. It was established through the agreement between Russia, Iran, and India signed in 2000 and officially opened in 2003 to augment economic expansion of the countries through boosted trade and transit traffic. The NSTC comprises three routes, namely: Trans-Caspian Route, Western Route, and Eastern Route (Balbaa, 2022).

Later several countries including Kazakhstan, Belarus, the Sultanate of Oman, Tajikistan, Azerbaijan, Kyrgyzstan, Türkiye and Ukraine joined the corridor. Armenia, Syria and Bulgaria have been observers since 2006. Despite the passing of one of the Eastern route lines through Turkmenistan territory, it has not yet joined INSTC (Aliyev, 2024). Within the corridor framework, both Azerbaijan and Armenia play a significant role in establishing new train lines and roads to develop the transit path.

This corridor presents an alternative to the Suez Canal route; it diminishes the transit time and the cost of transportation. While the Suez Canal route takes 45-60 days, it is estimated that the INSTC corridor to be 30% cheaper and 40% shorter which offers more cost-efficient opportunity for traders and transporters. Second, this corridor can provide New Delhi with an opportunity to penetrate to unexplored export markets potentially available in the INSTC member nations (Aliyev, 2023).

Counterweighting and Countering China's Belt and Road Initiative (BRI) in resource-rich regions of the world, such as Central Asia and Africa, is a significant component of New Delhi's grand geopolitical strategy. It is projected that if India and the Eurasian Economic Union sign a free trade agreement (FTA) while the INSTC is also fully operational, India's bilateral trade with Eurasia could increase from the current figure of around \$20 billion to \$170 billion. Also the agreement can provide a mechanism for India to nullify China's geopolitical goals and economic ambitions in the region and counterweight China's (BRI) Belt and Road Initiative (Azmi et al., 2024:4). Consequently, India's involvement in international corridors, especially in the International North-South Transport Corridor (INSTC), has significant strategic significance for pursuing its national interests and achieving its broader geopolitical and economic goals. By actively involving in the development and utilization of the corridor, India not only boosts its connectivity with main regions like Central Asia, Europe, and the Middle East but also reinforces its position as a pivotal actor in global trade and logistics.

5. The Indian Footprint: Exploring New Horizons in the South Caucasus Region

Presence and influence in the Caucasus and Central Asia is important to New Delhi for several main reasons. First, to foster trade ties and boost economic growth through connectivity with the countries in the region. Second, to counter Pakistan's sphere of influence and political sway in the region. Third, to contain China's growing geopolitical influence and economic dominance in the region.

In the wake of shifting alliances and intensifying geopolitical competition, the South Caucasus – the energy-abundant and strategically located South Caucasus between Europe, Central Asia, and the Middle East – has presented as a battleground for influence of the countries such as Pakistan and India. (Gul, 2024). The intensifying rivalry of India and Pakistan in the South Caucasus region has led to more division of the region into opposing alliances, each striving for dominance and control over this strategically crucial region.

The Kashmir issue, a persistent bone of dispute between India and Pakistan, determine their relationships with the region's states, and form alliances, depending on their attitude and stand on the issue (Wahlang & Melkonian, 2024).

Indeed, the convergence of interests between Pakistan and Azerbaijan on numerous fields, including Azerbaijan's support for Pakistan on the Kashmir issue at international forums, Islamabad's declaration on solidarity with Azerbaijan's on Nagorno-Karabakh conflict, coupled with their extending collaboration and cooperation in defense, economy, and energy fields, has formed a formidable alliance between the two states, reinforcing their bilateral ties and strengthening their regional objectives (Gul, 2024).

Like Azerbaijan, Türkiye also has a similar position on Kashmir in favor of Pakistan. In 2017, Baku, Ankara and Islamabad signed a trilateral statement on regional cooperation. In 2020, Pakistan supported Azerbaijan during the war in Karabakh. Islamabad regularly participated in military exercises with Ankara and Baku. In January 2021, the Trilateral Islamabad Declaration was signed between the parties, which emphasized unity with the government and society of Azerbaijan after the conflict, as well as the promotion of peace, stability, and development in the regions of the parties (South Caucasus and South Asia). With the signing of the Trilateral Baku Declaration in July 2021, strategic relations between the three

countries took a more serious form. Military-technical cooperation between them was also achieved. In response to the trilateral cooperation of Pakistan, Azerbaijan, and Türkiye, India has moved towards closer relations with Armenia and Iran. Armenia has shown solid support for India's approach to Kashmir (Wahlang & Melkonian, 2024).

India has long been striving to cultivate a long-term strategic partnership with Armenia. To supply the latest military equipment, Armenia forged a contract with New Delhi. In this regard, both countries benefit from the Treaty of Friendship and Cooperation signed in 1995. According to Dr. Mehmud ul Hassan Khan, Pakistani political analyst, the Indian news website Economic Times in its September 29, 2022 edition revealed about Armenia's arms deal with India during the Karabakh crisis which worth approximately \$ 245 million (Murshud, 2023).

Armenia's strategic location, is considered to make it as a counterbalance to Türkiye's expansionist strategies and the Pan-Turkism ambitions in the South Caucasus region and beyond. Armenia's geographical location, coupled with its cordial relations with New Delhi makes it an alternative transit route for India's economic policies in Europe. As India's aim to establish itself as a major power in the future multipolar world, access to connectivity routes in the region and transit through Armenia as a friendly country is significant for New Delhi. Following the 2020 Nagorno-Karabakh War between Azerbaijan and Armenia, Azerbaijan took control of the this area. The shift in the regional balance of power in Azerbaijan favor, and being surrounded by Azerbaijan, has made Armenia's southern regions, including Syunik vulnerable (Chalikyan et al, 2024).

This situation has added to Azerbaijan's geographical and numerical supremacy in terms of territory, population, and military power compared to Armenia. In addition, Azerbaijan has been strengthening its military, increasing its national security and defense budget from \$1.85 billion in 2018 to \$3.77 billion in 2024. While Armenia's 2024 defense budget, despite increases in previous years, is three times lower, at \$1.37 billion (Chalikyan et al, 2024). That is why Armenia intends to engage in greater military cooperation with a country like India.

On the other hand, China has also significantly increased its presence in the South Caucasus through the Belt and Road Initiative. In the Armenia-Azerbaijan contentious, China chose a neutral position and strive to maintain good relations with all the parties involved. (Gul, 2024).

This china's pragmatic attitude highlights its approach towards regional politics, avoiding taking sides in conflict issues.

Recently, Beijing formally joined the Middle Corridor project and pledged to develop multimodal connectivity through the Railway Container Shipping Company (Cutler,2024). India is seeking to expand its economic ties with the region, as well as counter the influence of Pakistan and China in the region in order to protect its national interests.

Therefore, the emergence of extra-regionenel players, such as India and Pakistan, has worsened the regional geopolitical realities, fueling arm race in the region (Hussain, 2024) which can reinforce the opposing alliances within the region, thereby intensifying tensions and intra-regional competition. The presence of China and Europe in the region is also intensifying the formation of opposing alliances in the region too.

6. The Geopolitical Dynamics of the South Caucasus region

Following the Russian invasion of Ukraine, the geopolitical landscape in the South Caucasus has dramatically changed. From a geopolitical perspective, as the South Caucasus emerges as a unique strategic bridge linking Europe and Asia; it certainly plays an important role in the transportation of resources from the Caspian to Western Europe; therefore, The Russian invasion of Ukraine in 2022 has embarked the power centers into a renewed "great game" in the South Caucasus region, set them against one another pursuing for geopolitical supremacy and extending influence. The geopolitical landscape is further complicated by the involvement

of regional players beside Russia, Western countries, India and China, which can add another layer to the geopolitical dynamics in the South Caucasus region (Wrobel, 2023).

The outcome the Russo-Ukrainian crisis changed European states' perception of the Black Sea region. According to Amb. Vasyl Bodnar the crisis represents that the black sea region should be regarded as a strategic significant area and as an integral part of the European security system (Khylyko et al., 2022: 5). Russia's invasion of Ukraine prompted the Western countries to reassess their security and defense policies, and adopt a new geopolitical angle needing to the containment of the Russian influence, a mindset serving as the underlying stimulus behind their strategic decisions and diplomatic policies in the region (Khylyko et al., 2022). With Ukraine crisis, the West began utilizing a multi-pronged approach, including military and financial support to Ukraine, as well as imposing economic sanctions against Russia which indicates a shifting in their geopolitical priorities in the region.

The Second Karabakh War in 2020 between Armenia and Azerbaijan made the geopolitical landscape of the South Caucasus more complicated by evoking more foreign players' intervention in the region as the new geopolitical realities in the South Caucasus. Perceiving the Karabakh crisis as a challenge to its national security and geopolitical influence, Russia intensified its engagement in the South Caucasus to hinder the intervention of external powers, particularly the United States, through restricting their sphere of influence and reducing their capacity to involve in the region. Therefore, Russia's policy regarding the Karabakh crisis was to uphold a strategic balance in the Caucasus to prevent the external actors from increasing their influence, and diminish their intervention in the region. Indeed, the aftermath of the second Karabakh war, the region underwent a significant transformation in the balance of power. This shift in the balance of power demonstrated a decline in European Union and the United States influence in the region while Russia and Türkiye became dominant players in the region. Türkiye is ready to benefit from any initiative for greater regional openness and cooperation. While Azerbaijan clearly dominates the political and military scene in the region, Armenia's power and influence have been significantly weakened in recent years. Meanwhile, the West presence has been significantly weakened; for instance, the OSCE Minsk Group¹ (MINSC), has been marginalized (Neset and Aydın., 2023). Thus, by understanding these geopolitical dynamics, we can analyze their implications for the North-South Corridor and, subsequently, their impact on India's strategic interests in the region.

7. Geopolitics and opportunities and challenges for India via INSTC

In this section, we will analyze the geopolitical developments impacting India's interests through the lens of INSTC, which presents both opportunities and challenges for India's strategic interests.

7.1. Geopolitics and Opportunities for India

The South Caucasus region has undergone crucial shifts in its political arena, influenced by multiple dynamics like the second Nagorno-Karabakh war between Azerbaijan and Armenia and Russia's invasion of Ukraine. This unstable landscape has created both challenges and opportunities for all engaged states, particularly India as a rising power striving to pursue its economic and geopolitical interests. As India follows its connectivity strategy through the INSTC, this geopolitical landscape has offered both avenues of opportunity as well as obstacles for India in the region via INSTC.

In light of the Ukraine crisis, the west widespread sanctions against Russia and the disruption of the Russia northern connecting corridor, the country faced harsh challenges. Therefore, in response to these challenges, Russia adopt policies leading to the revision of INSTC, so that the

1. The OSCE Minsk Group had been the key multilateral framework for negotiations since the end of the First Karabakh War.

corridor transformed into a priority in the geopolitical policies of Russia. During the Ukraine crisis, INSTC became prominent in Russia's foreign policy and Moscow's relations towards South and Southeast Asian regions. Thus, the geoeconomic and geopolitical significance of INSTC as a transit route augmented. Therefore, the shifting geopolitical landscape of the region, transformed the North-South Corridor into a promising avenue for Russia's economic expansion and geopolitical goals. Further, the imposition of sanctions by the west against Russia due to the Russia invasion of Ukraine war made India emerge as the main purchaser of Russian crude oil (CHANDRA PAL, 2024).

Therefore, since the outbreak of the war in Ukraine, the INSTC has served as a vital conduit for India-Russia trade, enhancing bilateral trade ties. During this time, India-Russia trade faced an unexpected increase largely due to Russia's discounted crude oil sales to New Delhi. In the 2022-23 financial year, India's imports of crude oil from Russia escalated from less than \$2.5 billion in 2021-22 to over \$31 billion in 2022-23. Accounting for a share of 19.1 percent, Russia became India's second provider of crude oil imports. Further, in 2023, with a share of almost 33 percent Russia became India's largest supplier of crude oil imports (Dhar, 2024)

The other opportunity for India in the light of the new geopolitical developments, is its strategic relations with Armenia. Indeed, as Russia supports to China's BRI and the China-Pakistan Economic Corridor (CPEC) as well, India has been pushed towards pursuing an inclusive, multi-vector partnership in the Eurasian region to counterbalance China. According to Gaddam Dharmendra, the Indian Ambassador to Iran, India intends to link the Indian Ocean with Europe and Russia through the Iranian Chabahar port and Armenia, forging a South-North Transport Corridor. The primary geopolitical goal behind India's strategic vision is to bypass its traditional rival Pakistan, as well as the Pakistan-Azerbaijan-Türkiye axis, which could possibly hinder New Delhi's strategic interests in the Eurasia (Yepremyan, 2024).

In May 2024, India and Iran concluded a 10-year contract to develop and operate the port of Chabahar, a strategic initiative with notable implications for geoeconomics of the Eurasia region. The project is designed to escalate both competition and cooperation among regional and great powers while arousing economic expansion in smaller countries of the region. The contract is expected to strengthen the connectivity between region's nations and foster India's economic connections with Central Asia, Afghanistan and Eurasia (Aliyev, 2024)

In January 2024, Iran granted Armenia access to utilize the Chabahar and Bandar Abbas ports, enabling trade with India. Indeed, the Aftermath of the 2020 Karabakh conflict, Yerevan sought to diversify its security and logistic partnerships, moving to New Delhi for enhancing cooperation. Tehran and New Delhi sparked on supporting Armenia's to operate in Iran's ports, facilitating its access to India. The reinforcement of this trilateral cooperation would enhance Armenia's transit infrastructure, forging a significant increase in each country's geo-economic position in the South Caucasus region, within the wider framework of the Black Sea – Persian Gulf Corridor as a part of INSCT (Tashjian, 2024). Also as a result, following the Chabahar Agreement between Iran and India, cooperation between India and Armenia entered a more significant phase. Given Armenia's strategic location in the region, India's partnership with Armenia has the potential to improve transit and transportation efficiency along the North-South Corridor.

Nonetheless, India's engagement with Armenia is not without challenges, as conflicting interests from other actors, especially Azerbaijan, may create hurdles. Baku is a main exporter of crude oil to India, and its strategic position along the International North-South Transport Corridor connect India to Russia through Iran (Abdurashitov and Eldaniz Gusseinov, 2024). Thus, this dual role could intensify competing interests among members of the INSTC and increase competitions between them.

7.2. Geopolitics and challenges for India

On the other hand, the Global Gateway as Europe's international investment program unveiled in 2021. Having lost their influence in the region during the Karabakh war, European countries seems to get a renewed opportunity via the Global Gate program to strengthen their influence and geopolitical position in the crucial region of Central Asia and South Caucasus. The Global Gateway is Europe's international investment program that seeks to reinforce connectivity in the digital, energy and transport sectors and improve health, education and research systems in the different regions of the world. In her State of the Union address in September, European Commission President Ursula von der Leyen said that the Global Gateway strategy is a "template for how Europe can build more resilient connections with the world". The program envisions €300 billion in investment by 2027 to support sustainable projects that will strengthen global resilience and support equity (Annette, 2024).

Therefore, in light of the global ambitions of the Global gateway program to promote enhanced transportation connectivity, the importance of international infrastructure and corridors as viable routes of communication and trade between various regions, mainly Europe and Asia, has been augmented. The European Union's Global Gateway program is in the quest for advancing infrastructure development, including transportation, in the Central Asian region, especially through fostering of the Middle Corridor (Trans-Caspian International Transport Route), which creates a route between Asia and Europe that bypasses Russia and Iran. Therefore, through MC corridor, Global Gateway initiative may provide EU with an opportunity to enhance its influence and presence in the region.

Cognizing the need of developing alternative transportation routes, the European Union hosted the first investors' Forum on January 29-30, 2024 in Brussels as part of the Global Gateway program on transport connectivity between the EU and Central Asia. At the forum, Valdis Dombrovskis, Vice President of the European Commission, announced a significant investment pledge, amounting to 10 billion euros (approximately 10.8 billion US dollars), from European and international financial institutions to support sustainable transportation infrastructure in Central Asia. It is supposed to foster the economic and environmental growth and transport links in the region (Ali, 2024).

Transport experts have reported the volume of traffic along the corridor has increased by 86% to 2.8 million tons, compared to 1.5 million tons recorded in 2022, representing a significant surge compared to only 586 thousand in 2021. The traffic increase presents Kazakhstan and Azerbaijan importance as transport hubs between Asia and Europe (Stevens, 2024). Therefore, increased European investment in the development of the corridor can reinforce its position as a crucial transportation route in the region.

Therefore, the geopolitical changes in the South Caucasus and Central Asia regions could cultivate challenges for the North-South Corridor by fostering middle corridor through global gateway initiative.

On the other hand, despite the EU's cooperation with China in some areas, the EU has introduced the Global Gateway (GG) as a feasible alternative to the BRI to protect and strengthen infrastructures around the world (Zanganeh & Tishehyar, 2024). Despite not openly mentioning competition with China, the Global Gateway aim is to counter China's increasing influence in different regions (García, 2024). The west had criticized the unsustainable debt arising from BRI projects in the emerging economies (Costello & Leffler, 2024) However, the EU tends to obtain the economic benefits of cooperation with the BRI while simultaneously endeavoring to diminish BRI's perceived negative effects through the Global Gateway program. (Zanganeh & Tishehyar, 2024).

However, at the 8th International Silk Road Expo in Xi'an in September 2024, it was declared that China will formally join the Middle Corridor through its China Railway Container

Transport Corporation (CRTC). It reflects china's growing reliance on the infrastructure potential of the Central Asian trade route. China's pivot towards overland trade routes is a strategic move to protect its interest against the potential geopolitical threats within the traditional maritime routes such as the Strait of Malacca route (Cutler, 2024).

Thus, despite the aim of the Global Gateway to contain China's One Belt, One Road initiative, China's joining the Middle Corridor will in fact provide opportunities for both China and EU. Further, China's engagement in the middle corridor would provide it with geopolitical leverage against India and as well as bolster the BRI through weakening the INSTC project and fostering trade and connections.

Further, with China's presence in the Middle Corridor, an opportunity will be cultivated for Türkiye to pursue its economic and strategic objectives. Indeed, the alignment of the Belt and Road Initiative (BRI) and Middle Corridor (MC) projects will offer a range of advantages for Türkiye's MC, especially in diversifying financing sources. By Middle corridor, Ankara's seeking to connect with China through the Caucasus and Central Asia, and boost economic ties with China. This cooperation would not only foster Ankara's economic ambitions but also elevate its position as a key transit center, moreover strengthen its role as a regional power (AKÇAY & CHANGGANG, 2023).

Therefore, China can easily connect with Europe through the launch of the Middle Corridor of Türkiye. In fact, China's joining Middle Corridor will create a good opportunity for cooperation between Türkiye and China. Moreover, strengthening the Middle Corridor, with the main role of Azerbaijan and participation of China, will benefit Pakistan and strengthen its position and influence in the region which can be a challenge for India's interests and the North-South Corridor.

Further, the aftermath of the Karabakh war, the region underwent a significant shift in the regional balance of power, in favor Azerbaijan and Türkiye. On the light of this development, a new connectivity project (Zangezur corridor) in consistent with Türkiye's strategic interests was conceived. The proposed project between Azerbaijan and Nakhichevan, then connecting Türkiye to Azerbaijan through Nakhichevan, would link Türkiye to the Caspian Sea, Central Asia and china. Armenia and Iran have steadily objected to it. This is another example represents the competing interest, conflicting rivalries between the members of the corridor that would hinder the achievements of the INSCT (Neset, 2023).

Therefore, the strengthening and activation of competing projects corridors such as Global Gateway, Middle corridor, BRI and Zangezur corridor in light of geopolitical developments of the region will create challenges for competitiveness of the North-South International Corridor. Further, as the INSCT crosses multiple countries with opposing interests, it may face long-term challenges due to differing national and regional development priorities. In such situations, the priorities of individual countries or regions may not align with the interests of the corridor or other countries involved, leading to obstacles that hinder the viability and sustainability of the corridor. The presence of rival and hostile states like Azerbaijan, Armenia, Türkiye, Russia, Ukraine in the corridor with conflicting interests can hinder cooperation between countries, thereby disrupting and creating challenges for the INSCT's operations (Pal, 2024).

Thus due to the Region's Geopolitical landscape, all of the aforementioned hindering factors, which have the potential to weaken the corridor, could also undermine New Delhi's strategic stance in the region compared to its rival China and Pakistan.

The new geopolitical developments in the region, have brought both opportunities and challenges for Indi's position in the region via INSCT.

Conclusion

The Central Asia and South Caucasus region is one of the most significant areas in the world, serving as a vital gateway for trade between the East and the West. Specifically, the South Caucasus region holds immense importance as a key political and economic hub within Eurasia. In recent years, the geopolitical landscape of this region has undergone rapid changes due to Russia's invasion of Ukraine and the Second Karabakh War between Armenia and Azerbaijan, which have affected not only the countries of the region but also actors outside the region. India is one of the key actors leveraging the region's potential to advance its connectivity strategy, particularly through the North-South Corridor. As such, it has been significantly influenced by the ongoing geopolitical developments in the area. Russia's war with Ukraine has resulted in severe Western sanctions against the country. These sanctions have also disrupted the functioning of Russia's Northern Corridor, impacting trade and connectivity in the region.

From an opportunity perspective, this event has spurred increased activity in the North-South Corridor and boosted trade relations between Russia and India. On the other hand, amid these geopolitical shifts, Armenia, weakened after the Second Karabakh War, has sought to strengthen its security and defense posture. Armenia viewed a solution in strengthening ties with India and increasingly was drawn toward it. As a result, following the Chabahar agreement between Iran and India, cooperation between India and Armenia entered a more serious phase, with Armenia gaining permission from Iran to access Chabahar Port. Given Armenia's strategic location in the region, India's collaboration with Armenia has the potential to enhance transit and transportation efficiency along the North-South Corridor.

However, from a challenge perspective, geopolitical developments have created conflicting interests among the countries involved in the INSTC (International North-South Transport Corridor), including Azerbaijan, Armenia, Iran, Russia, and Türkiye. These tensions have hindered effective cooperation among the stakeholders, ultimately weakening the corridor and posing challenges to India's strategic and economic interests in the region. In addition, the sanctions imposed on Russia and the disruption of the Russian Northern Corridor have led to the strengthening of the Middle Corridor, supported by Western countries through initiatives like the Global Gateway program. This development could position the Middle Corridor as a significant competitor to the North-South Corridor, potentially challenging its role in regional trade and connectivity. Especially with China's involvement in this corridor and its alignment with the Global Gateway program, China is poised to gain greater power and influence in the region. This development could pose additional challenges for India in the INSTC corridor, potentially undermining its strategic interests and complicating its efforts to maintain a strong foothold in the region.

The author declare that she has fully observed all ethical issues including plagiarism, double publication and/or submission, redundancy, data fabrication and/or falsification, informed consent, misconduct, etc.

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