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India - Azerbaijan and NSTC

What is the issue?

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- India's External Affairs Minister recently made a visit to Azerbaijan.
- Improving logistics is a key for bilateral trade, and here is how NSTC (North South Transport Corridor) could play a significant role in this regard.

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How is India-Azerbaijan relation?

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- Azerbaijan is a strategically located, \$170-billion economy with substantial oil reserves.
- It however ranks low on India's diplomacy index.
- It supports Pakistan's claim on Kashmir, to the extent of calling for “reduction of Indian excesses in India occupied Kashmir”.
- This is a cause of concern and needs focus.
- The period 2000-2010 saw a few senior ministers reaching out through various delegations and platforms to Azerbaijan.
- Despite these, it never really figured even in the second orbit of India's foreign policy outreach.

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How is the trade scenario?

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- Bilateral trade between India and Azerbaijan has been rather different from political diplomacy.
- Trade between the two has shot up almost 10-fold from 2005 to 2017.
- This jump in bilateral trade coincided with the opening of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline to the Mediterranean port.
- Opened in 2007, this where Indian oil companies have been buying substantive quantities of crude oil from.
- ONGC Videsh is an investor in BTC.

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What is the future potential?

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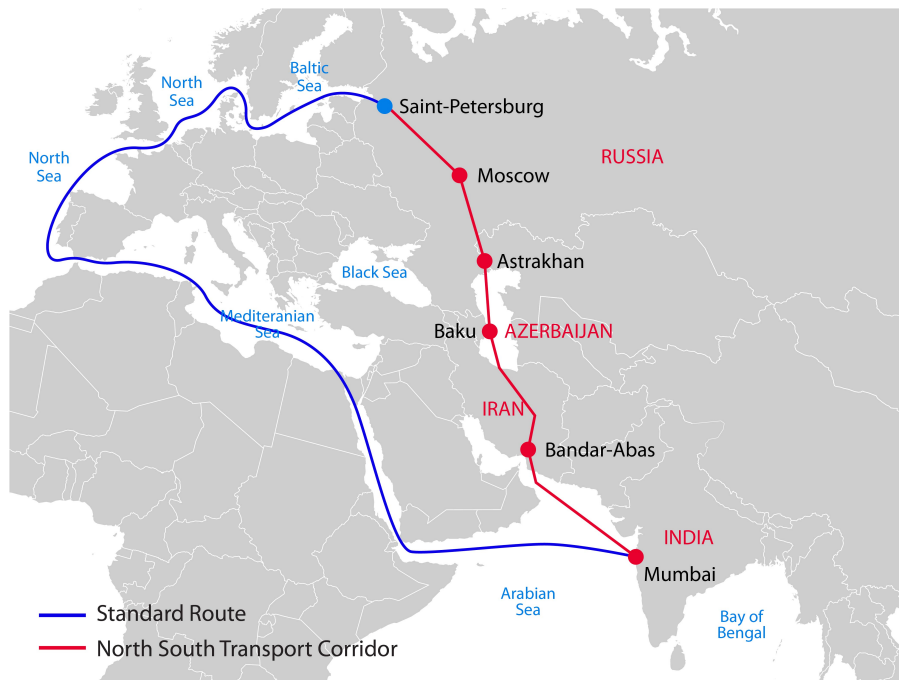
- Naturally, the bilateral trade between the two countries has largely been hydrocarbon-centred.
- And India is a minor exporter of anything worthwhile (rice, beef and tea are some of the key items exported to Azerbaijan).
- Azerbaijan is looking to diversify and reduce its dependence on hydrocarbons.

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- Three sectors that have substantial potential for bi-lateral trade are food processing, pharma and technology.
- In this backdrop, India can play an enabling role in partnering it for the same.

What is NSTC?

- North South Transport Corridor (NSTC) is a multi-modal network of ship, rail, and road routes.
- It is for facilitating freight movement between India, Iran, Afghanistan, Armenia, Azerbaijan and Russia.
- The objective of the corridor is to increase trade connectivity between major cities such as Mumbai, Moscow, Tehran, and Baku.



What is the significance?

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- The route bypasses the Suez Canal and will ensure Indian products reach St. Petersburg in Russia in just 14 days.

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- At present, this is a 42-day journey, skirting North Africa and Europe.
- Once the Iran-Azerbaijan leg of the NSTC is completed, Indian ports can be linked with Azerbaijan via Iran (Chabahar Port).
- It could provide a smoother logistics experience for suppliers.
- The new route could reduce distance and costs by 40% and 30% respectively.
- It could go a long way in reducing logistical complexity between India and Azerbaijan.

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Source: BusinessLine

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