India - Azerbaijan and NSTC

What is the issue?

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- India's External Affairs Minister recently made a visit to Azerbaijan.
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- 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.
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- It however ranks low on India's diplomacy index.
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- It supports Pakistan's claim on Kashmir, to the extent of calling for “reduction of Indian excesses in India occupied Kashmir”.
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- This is a cause of concern and needs focus.
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- The period 2000-2010 saw a few senior ministers reaching out through various delegations and platforms to Azerbaijan.
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- 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.
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- Trade between the two has shot up almost 10-fold from 2005 to 2017.
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- This jump in bilateral trade coincided with the opening of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline to the Mediterranean port.
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- Opened in 2007, this where Indian oil companies have been buying substantive quantities of crude oil from.
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- 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.
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- And India is a minor exporter of anything worthwhile (rice, beef and tea are some of the key items exported to Azerbaijan).
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- 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.
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- In this backdrop, India can play an enabling role in partnering it for the same.
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What is NSTC?

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- North South Transport Corridor (NSTC) is a multi-modal network of ship,

rail, and road routes.
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- It is for facilitating freight movement between India, Iran, Afghanistan, Armenia, Azerbaijan and Russia.
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- The objective of the corridor is to increase trade connectivity between major cities such as Mumbai, Moscow, Tehran, and Baku.
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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.
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- Once the Iran-Azerbaijan leg of the NSTC is completed, Indian ports can be linked with Azerbaijan via Iran (Chabahar Port).
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- It could provide a smoother logistics experience for suppliers.
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- The new route could reduce distance and costs by 40% and 30% respectively.
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- It could go a long way in reducing logistical complexity between India and Azerbaijan.
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Source: BusinessLine

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