

Inadvertently connecting the first and third poles: the role of the International North-South Transport Corridor in Arctic resource development and Russian foreign policy

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1 Introduction

The Russian invasion of Ukraine in February 2022 and the ongoing war has generated geopolitical tension to a level unseen since the Cold War. Russia's war in Ukraine has all but severed ties between Russia and Europe, with such frosty relations tagged 'the new cold war'. A major impact of Russia's action in entering Ukraine has been on the security of Europe, and the relationship of Russia with European States and NATO members. In reality, the dissolution of the Soviet Union and the pivoting of Eastern European States westward into the arms of the European Union and NATO have seen a realignment of Russia's geopolitical and strategic foci in the 21st century.

After the series of gas crises in the 2000s, where Russia stopped the flow of gas to

Europe through Ukraine over payment for gas,¹ Russia began, like the golden two-headed eagle that signifies the Russian state, to cast its economic and geopolitical eye eastwards, all the while remaining engaged in economic and geopolitical activities westwards. However, Russia's annexation of the Crimea in 2014, and the poisoning of Sergei and Yulia Skripal in 2018, heralded an era of increased tension, countered by Russia with a geopolitical pivot eastward to trading partners such as China and Japan, and deepening alliances with Iran, and India. From the 2010s, Russia has forged new alliances and gained status as a strong and independent actor in international affairs, demonstrated by military operations in Syria and the South Caucasus.²

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¹ Aleksandar Kovacevic, *The impact of the Russia-Ukraine gas crisis in south eastern Europe* (2009) Oxford Institute of Energy Studies NG 29.

² Nicolau Silayev and Andrei A Sushentsov, 'Russia's allies and the geopolitical frontier in Eurasia' (2017) *Russia in Global Affairs* <<https://eng.globalaffairs.ru/articles/russias-allies-and-the-geopolitical-frontier-in-eurasia/>>

The actions of the Russian Federation in Ukraine have also had a severe impact on its Chairmanship and participation in the Arctic Council. In advance of its tenure as Arctic Council Chair in 2021, the Russian Federation (Russia) released several critical arctic documents,³ which together define the goals, strategies, directions, and ambitions for economic development in the region. Russia sought to utilise its chairmanship to action priorities in the region,⁴ as well as promoting collective approaches to the sustainable development of the Arctic.⁵

The military action of the Russian Federation in Ukraine not only served as a distraction to Russia's Arctic agenda during its tenure as Arctic Council Chair from summer 2021 to summer 2023,⁶ it was also viewed as a failure to respect the

fundamental tenets of the rule of law. In response to Russia's invasion of Ukraine, the member states of the Arctic Council expressed their view and action in a *Joint statement on Arctic Council Cooperation Following Russia's Invasion of Ukraine* on 3 March 2022, which stated:

... The core principles of sovereignty and territorial integrity, based on international law, have long underpinned the work of the Arctic Council, a forum which Russia currently chairs. In light of Russia's flagrant violation of these principles, our representatives will not travel to Russia for meetings of the Arctic Council. Additionally, our states are temporarily pausing participation in all meetings of the Council and its subsidiary bodies, pending consideration of the necessary modalities that can allow us to

³ Russian Federation, *On the fundamentals of the State policy of Russian Federation in the Arctic for the period up to 2035* (2035 Russian Arctic Policy); Russian Federation, *Strategy of development of the Arctic Zone of the Russian Federation and the provision of national security for the period to 2035*, signed into law October 2020. This strategy followed the document *On the Principles of the State Policy of the Russian Federation in the Arctic to 2035* signed into law 5 March 2020.

⁴ Including the development and improvement of the life of Arctic inhabitants and indigenous peoples, climate change and its impact on the Arctic, and environmental protection in the Arctic. See Arctic Council, *Russian Chairmanship 2021-2023* (2021) <<https://www.arctic-council.org/about/russian-chairmanship-2/>>.

⁵ Which included environmentally, socially and economically balanced development of the region, enhanced synergy, cooperation, coordination with other regional structures, and 'the implementation of the Council's Strategic Plan, while respecting the rule of law' Arctic Council, *Russian Chairmanship 2021-2023* (2021) <<https://www.arctic-council.org/about/russian-chairmanship-2/>>.

⁶ Elizabeth Wishnick & Cameron Carlson, 'The Russian Invasion of Ukraine Freezes Moscow's Arctic Ambitions' (2022) *Journal of Indo-Pacific Affairs* <<https://www.airuniversity.af.edu/JIPA/Display/Article/3172713/the-russian-invasion-of-ukraine-freezes-moscows-arctic-ambitions/>>

continue the Council's important work in view of the current circumstances.⁷

More than eighteen months after the invasion, Russia's participation in the Arctic Council has continued to be limited. A Joint Arctic Council Statement on 8 June 2022 signalled limited resumption of work in the Arctic Council on projects that do not involve the participation of the Russian Federation.⁸ Upon assuming the Chairmanship of the Arctic Council in the summer of 2023, Norway co-opted some thaw in Arctic Council relationships with Russia by enabling Russia to be involved in the working groups of the Arctic Council, although the exclusion from the main meeting remains.⁹

The legitimacy of such exclusion of Russia from the workings of the Arctic Council, although not the subject of this paper,¹⁰ along with increased international

sanctions due to the Russo-Ukrainian war, has forced Russia to strengthen its relationship with the eastern states it has already engaged with, as well as cementing new geopolitical alliances as it pivots south in an effort to circumvent sanctions that restrict trade in its natural resource wealth, particularly oil and gas.

The sanctions imposed in February 2022 by the US and Europe, designed to cripple Russia's trade and investment, have instead revived trade, investment, and transport relationships with India, an economically emerging Arctic Council observer nation.¹¹ In doing so, Russia has invigorated geopolitical alliances with former USSR states, including Turkmenistan, and Kazakhstan, as well as Iran, with such alliances not only translating into trade, transport, and investment relationships, but also establishing trade and transport links

⁷ Arctic Council, *Joint Statement on Arctic Council Cooperation following Russia's invasion of Ukraine* 3 March 2022, <https://www.state.gov/joint-statement-on-arctic-council-cooperation-following-russias-invasion-of-ukraine/>

⁸ *Joint Statement on Limited Resumption of Arctic Council Cooperation* by the Arctic Council's member states US, Norway, Finland, Canada, Sweden, Iceland and Denmark 8 June 2022 <https://www.state.gov/joint-statement-on-limited-resumption-of-arctic-council-cooperation/#:~:text=We%20remain%20convinced%20of%20the,participation%20of%20the%20Russian%20Federation.>

⁹ Arctic Council, *Three months into the Norwegian chairmanship: a status update with Morten Høglund* 31 August 2023 <https://arctic-council.org/news/three-months-into-the-norwegian-chairship-a-status-update-with-sao-chair-morten-hoglund/>

¹⁰ The legitimacy of this action is discussed in Tina Soliman-Hunter, 'War, exclusion and geopolitical tension: the accepted normal in Arctic Council governance' (2022) 10 *Current Developments in Arctic Law* 64-69.

¹¹ Lydia Kiulik, 'Russian-India economic cooperation: current trends and promising directions' (2023) 16(2) *MGOMO Review of International Relations* 159-175, 161.

between the first pole (the Arctic) and the third pole (the Hindu-Kush-Karakoram-Himalayan system - HKKH).

Contemporary studies of the HKKH have to date mostly focused on physical geography, climate change, and the impact of change on water and the environment.¹² This paper provides a different perspective, examining instead the geopolitics of the overland and maritime route that connects the first and third poles – the International North South Transport Corridor (INSTC). The aim of this paper is to examine Russia's geopolitical actions and relationships in Eurasia, as it seeks new markets for its Arctic petroleum commodities. Firstly it will examine the economic power of Russia's Arctic, in particular the gas resources available for export, and the need to find markets. Secondly it will examine Russia's foreign policy, and particularly how the 2023 foreign policy expresses this pivot towards Eurasia and the South. Finally, this paper examines the economic linking of the Arctic and India, the International North-

South Transport Corridor INSTC as the western gateway to the third pole.

2 The first pole – Russia's economic powerhouse

The Russian Arctic is truly a petroleum economic powerhouse. The vast Yamal Peninsula holds one of the world's largest natural gas deposits, and has an annual production capacity of around 16.5 million tons.¹³ Prior to 2022, the gas from Yamal was transported by two primary routes: south-west to Europe via the Nord stream and the Yamal pipeline, and as liquified natural gas (LNG) via ship to Asian markets along the Northern Sea Route. Although Russian Arctic crude oil production is significantly less than its gas (477,000 barrels of oil per day (bbl/d) in 2022), it too is transported via pipeline to predominantly western markets.¹⁴ Together the Russian Arctic produced around 10.65 million barrels of oil equivalent per day (mboe/d) in 2022.¹⁵

¹²See for instance: Michelle Fernandes, et. Al. 'Comparing recent changes in the Arctic and the Third Pole: linking science and policy' (2022) *Polar Geography*, 45:3, 197-225; Katherine Morton (2011) 'Climate Change and Security at the Third Pole', *Survival*, 53:1, 121-132; Nengye Liu, 'Environmental Regimes in Asian Subregions, China and the Third Pole' (2018) *Asia Pacific Law Review*, 26:1, 105-108.

¹³ *Yamal LNG*, 2023 <<http://yamallng.ru/en/>>

¹⁴ Statista, *Production of Arctic oil and gas worldwide from 2010 to 2022, by country*, (2022) <<https://www.statista.com/statistics/1300235/arctic-oil-production-by-country/>>

¹⁵ Ibid.

As figure 1 below demonstrates, the Russian internal pipeline system is vast, connecting production fields with internal and European consumers. Russia's Arctic petroleum resources are not only connected to Europe through various oil and gas pipelines, but also to former Soviet states Kazakhstan and Turkmenistan, laying a strong foundation for gas exports southwards. In addition, new petroleum connections eastward is demonstrated by the recent construction of Siberian pipelines, including the 'Power of Siberia' (Russ. Сила Сибири) pipeline to China.

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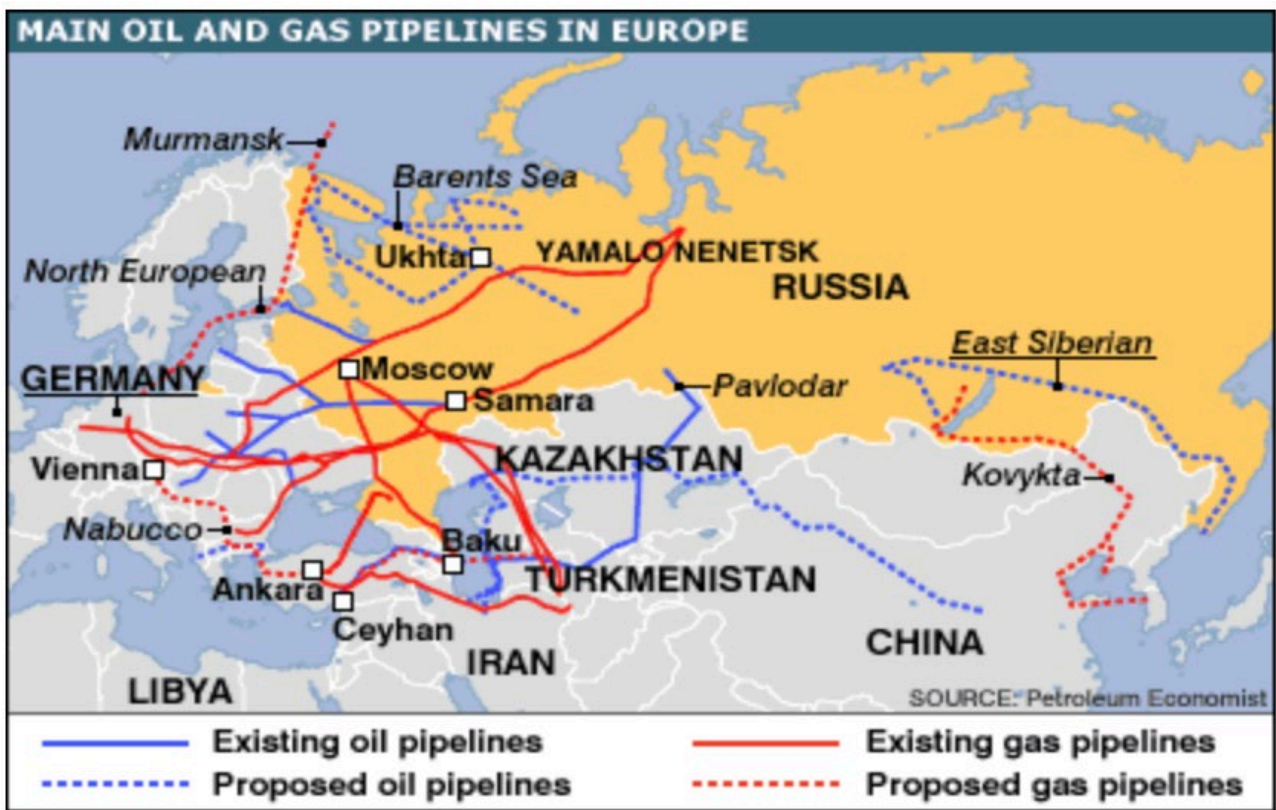


Figure 1: Major Russian pipelines: Internal, European, and former Soviet States (Source: BBC news <http://news.bbc.co.uk/2/shared/spl/hi/guides/456900/456974/html/nn4page1.stm>)

3 Russian foreign policy – an economic and geopolitical tilt to the east

3.1 Foreign policy objectives

Russia's 2023 Foreign Policy¹ clearly outlines the shift away from the west and towards the east and south. According to Art. 19, foreign powers are actively encroaching on Russian sovereignty in the region.² In order to facilitate the adaptation of the world order to the realities of a multipolar world, the Russian Federation intends to 'eliminate the vestiges of dominance of the United States and other unfriendly states in world affairs'.³ In addition, Art. 19 outlines Russia's priority to non-traditional international cooperative organisations, including BRICS, the Shanghai Cooperation Organization (SCO), the Commonwealth of Independent States (CIS), the Eurasian Economic Union (EAEU), the Collective Security Treaty Organization (CSTO), and RIC (Russia, India, China).

Foreign policy concerning the Arctic is reflected in Art 50 of Russia's Foreign

Policy. No longer mentioned are international cooperation structures like the Arctic Council and the Barents Euro-Arctic Council. Instead, Art 50(1) emphasises 'peaceful resolution of international issues relating to the Arctic'. Perhaps most importantly, Art. 50(4) seeks to demonstrate 'mutually beneficial cooperation with non-Arctic states pursuing a constructive policy towards Russia and interested in carrying out international activities in the Arctic, including the infrastructure development of the Northern Sea Route'.

Pivot to India

Article 51 of the foreign policy clearly demonstrates Russia's pivot towards Asia, as Russia seeks comprehensive deepening of ties with friendly nations having global centres of power and development in the Eurasian continent. Furthermore, Art. 53 outlines Russia's plan to 'build up a particularly privileged strategic partnership with the Republic of India' in order to 'increase the volume of bilateral trade, investment in technology ties, and to

¹ Указ об утверждении Концепции внешней политики Российской Федерации (Decree no. 229 on approval of the Foreign Policy Concept of the Russian Federation) 31 March 2023 <http://static.kremlin.ru/media/events/files/ru/udpiZePcMAycLXOGGAgmVHQDIoFCN2Ae.pdf> (Decree no. 229 on approval of the Foreign Policy Concept of the Russian Federation, 31 March 2023).

² Russian Federation, Decree no. 229 on approval of the Foreign Policy Concept of the Russian Federation, 31 March 2023 Article 19.

³ Russian Federation, Decree no. 229 on approval of the Foreign Policy Concept of the Russian Federation, 31 March 2023, Art. 19(1).

ensure resistance to the destructive actions of unfriendly states and their association'. This reorientation to India is supported through trade along the Northern Sea Route. The NSR is utilised for two reasons. Firstly, transport from Yamal to the eastern Indian port of Chennai along the NSR takes significantly less time than that through traditional shipping through the Suez canal, reducing the journey time from 20-45 days to 15-24 days.⁴ The second reason is the increased risk associated with maritime cargo through the Suez Canal due to threats of sanctions and potential seizure of cargo in European ports.⁵ However, there are seasonal limitations to the Northern Sea Route, driving Russia to seek alternative, year-round forms of transport.

3.2 Eurasia as a single continent

The former soviet states that now form the Commonwealth of Independent States (CIS) in Eurasia continue to be a focus for Russia. Article 54 of Russia's foreign policy articulates the desire to 'transform Eurasia

into a single continent-wide space of peace, stability, mutual trust, development, and prosperity'. To achieve these goals Russia sees the importance of strengthening economic and transport interconnectedness throughout Eurasia, including the modernization of rail corridors, and the early completion of the INSTC, as well as increasing regional cooperation through the formation of energy partnerships.⁶ The completion of the INSTC is a priority for Russia, along with forging new energy partnerships, highlighting the importance of connecting the Arctic through Eurasia and into India.

Valued ties with the Islamic world – Iran

Establishing and maintaining relationships with 'friendly Islamic civilisations'⁷ is critical for future trade, transport, and investment relations. Russia's plans of connecting its Arctic resources to India via the INSTC, thus connecting the first and third poles, relies on establishing a transport corridor through Iran. Therefore, under the 2023 Foreign Policy, Russia

⁴ Evgeny Vinokurov, Arman Ahunbaev, and Alexander Zaboev, 'International North-South Transport Corridor: Boosting Russia's "pivot to the South" and trans-Eurasian activity' (2022) 8 *Russian Journal of Economics* 159-173, 162.

⁵ Aleksei Zakharov, 'the international north-south transport corridor: the prospects and challenges for connectivity between Russia and India' (2023) 16(2) *MGOMO Review of International Relations* 216-234, 218

⁶ Russian Federation, *Decree no. 229 on approval of the Foreign Policy Concept of the Russian Federation*, 31 March 2023, Art. 50(3).

⁷ Russian Federation, *Decree no. 229 on approval of the Foreign Policy Concept of the Russian Federation*, 31 March 2023, Art. 56.

seeks to give priority to developing 'comprehensive and trusting interaction with the Islamic Republic of Iran,⁸ as well as 'harnessing the economic potential of the member states of the organisation of Islamic cooperation in order to form a greater Eurasian partnership'.⁹

Iran is critical to Russia's planned expansion of economic trade and transport ties to India. The INSTC requires the transiting of Iran to its seaport of Bandar Abbas in the Indian Ocean, with the corridor completed with the movement of cargo by sea between Bandar Abbas and Mumbai. Without this link through Iran, the INSTC cannot be completed.

4 The INSTC - the western gateway to the third pole

Similar to other Asian states, India has been keen to utilise the commercial benefits of the Northern Sea Route to take

advantage of Arctic oil and gas thereby diversifying its petroleum suppliers and routes while developing its economy.¹⁰ India also seeks greater involvement in the Arctic to counter its concerns over China's increased Arctic presence, as well as the threat of China controlling the Malacca Straits and therefore Indian Ocean shipping whilst maintaining its own shipping through the Arctic.

India's expressed interest in the Arctic is not only motivated by a desire to secure access to oil and gas resources, but also by a desire to secure Russian commitment to the completion of an extended version of the (INSTC) that, once completed, will not only transport Arctic oil and gas resources to India, but also provide an alternative to China's belt and road initiative.¹¹ Such options are critical for India as it also seeks to utilise the INSTIC for the export of its goods¹² to Iran, Eurasia and beyond.¹³

⁸ Art .56(1)

⁹ Art. 56(6)

¹⁰ Nima Khorrami, 'India-Russia Cooperation in the Arctic and the rising prospect of polarisation in Arctic governance', 21 June 2022 *The Arctic Institute* <https://www.thearcticinstitute.org/india-russia-cooperation-arctic-rising-prospect-polarization-arctic-governance/>

¹¹ Lai-Ha Chan (2020) Can China remake regional order? Contestation with India over the Belt and Road Initiative, *Global Change, Peace, and Security*. 32(2): 199–217

¹² Priority goods include pharmaceuticals, electrical machinery, nuclear reactors and parts, organic chemicals, vehicles, and fish products. See Abhjit Mukhopadhyay, 'Indo-Russian Economic Engagement: Legacy issues, dynamic shifts and possibilities for the future' 92(2023) 16(2) *MGIMO Review of International Affairs* 142-158, 148.

¹³ Abhjit Mukhopadhyay, 'Indo-Russian Economic Engagement: Legacy issues, dynamic shifts and possibilities for the future' 92(2023) 16(2) *MGIMO Review of International Affairs* 142-158, 148

A multimodal transport network comprising sea, rail, and road routes, the INSTC initial members were Russia, Iran and India¹⁴ when the tripartite agreement for the construction of the INSTC was originally signed 2000.¹⁵ Membership has since expanded, and now includes Kazakhstan, Belarus, Oman, Tajikistan, Azerbaijan, Armenia, and Syria, with Bulgaria remaining an observer state.¹⁶ After the initial signing, progress of the INSTC had been relatively slow, particularly due to its complexity as a multi modal transportation route, comprising rail, shipping lines and automobile highways.¹⁷ As noted by Vinokurov et. al, the pivot to the south, and renewed priority of the INSTC is significant 'in light of the abrupt and global geopolitical shifts and required configuration of freight supply chains in Eurasia due to the Ukrainian crisis'.¹⁸ Renewed momentum in the INSTC project has arisen in response to possible sanctions and Western threats to cargo from or to Russia transiting the Suez Canal.¹⁹ For

India, seeking to deepen its economic ties to Russia and expand energy partnerships, such insecurity is unacceptable, thus driving renewed vigour for the INSTC project.

There are three main routes along the INSTC, differing in length, mode of transport, level of infrastructure. As illustrated in figure 2, the routes include the 5,100 km "Western" Route along the western coast of the Caspian Sea through Russia and Azerbaijan utilising mainly road and rail connections; the 4,900 km "Trans-Caspian" route utilising ferry and container transport across the Caspian Sea, and the 6,100 km "Eastern" Route along the eastern coast of the Caspian Sea through Kazakhstan and Turkmenistan.²⁰

¹⁴ Vinokurov, 160.

¹⁵ Zakharov, 222

¹⁶ Zakharov, 222

¹⁷ Vinokurov, 160.

¹⁸ Evgeny Vinokurov, Arman Ahunbaev, and Alexander Zaboev, 'International North-South Transport Corridor: Boosting Russia's "pivot to the South" and trans-Eurasian activity' (2022) 8 *Russian Journal of Economics* 159-173, 161.

¹⁹ Vinokurov et. al., 161-2

²⁰ Vinokurov et. al., 161-2



Figure 2: International North-South Transport Corridor, emphasising the Eurasian transport links (Source: Eurasian Development Bank, in Vinokurov et. al.)

All routes through Eurasia converge at a single point for transit through Iran, highlighting the geopolitical importance of Iran in the INSTC project. However, as

noted by Voinokurov et. al., and illustrated in figure 3 below, the INSTC project still faces geostrategic, economic, institutional, technological, and structural constraints.

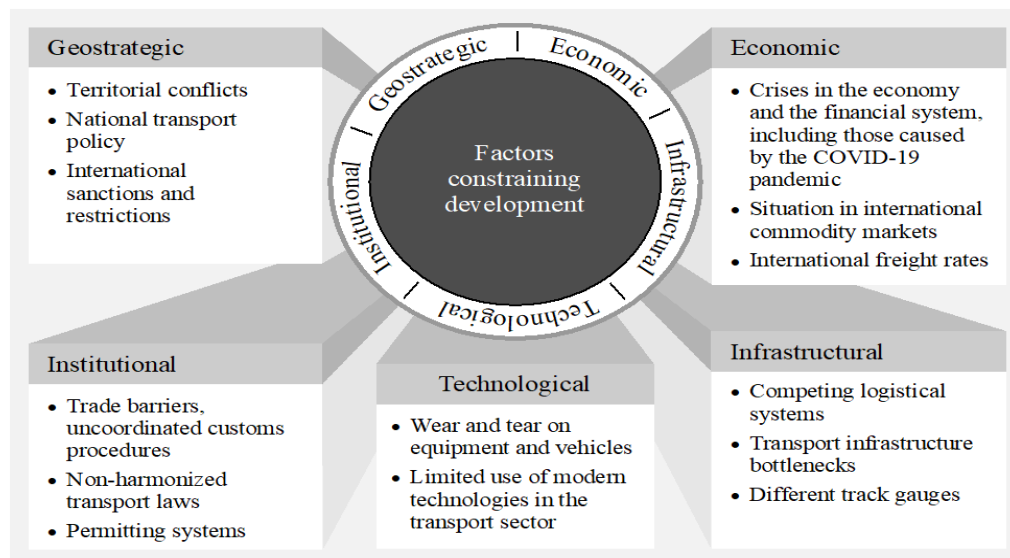


Figure 3: Factors constraining the development of the INSTC (Source: Vinokurov et. al.)

5 Conclusion

Because of Russia's actions in the Ukraine, there have been increased western

sanctions imposed on Russia. These sanctions, combined with Europe's 'conscious uncoupling' from Russian

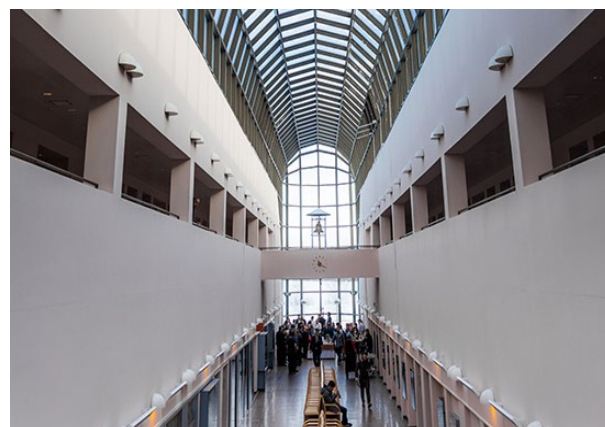
pipeline gas, has necessitated Russia's development of new economic partners and markets particularly in the east. It has also renewed Russia's drive to complete the INTSC, forged in 2000 but still unfinished. At present, the vital link to complete the INSTC is Iran, with north-south-transiting rail infrastructure critical to the completion of the Corridor. Russia's 2023 foreign policy reflects these emerging relationships, articulating a desire to engage in non-traditional international structures such as BRICS, and a commitment to India, Eurasia, and Iran.

As the INSTC project progresses, challenges continue evolve. These challenges include uncoordinated transport policies of INSTC member states, international threats and sanctions, issues of harmonization of international transport law and standards, procedures and formalities at border-crossing, missing infrastructure links, and continued bottlenecks in some sections of the corridor.¹ However, geopolitical shifts, western sanctions, and a desire by India to deepen economic ties means that the INSTC will continue to completion.

Critical to the completion of the INSTC is India, with its ever-growing need for

energy, particularly gas. India sees gas from Russia's Arctic as necessary to meet its energy needs, and seeks a continuous, year-round supply, rather than the seasonal supply available through the Northern Sea Route. As such, India also sees the completion of the INSTC as crucial for its economic goals.

Whatever the motive for each of the INSTC member states to be part of the Corridor, what remains clear is that sanctions, threats, geopolitical shifts, old rivalries, and new relationships have physically connected the Arctic to India via new overland and maritime route, inadvertently connecting the first and third poles.



¹ Vinokurov et. al., 169.