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International North-South Trade Corridor and the New Eurasian Order

By

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Table of Contents

	Page 2
Executive Summary	Page 3
Introduction.....	4
The INSTC: Vision of North-South Integration.....	4
Infrastructure: Bottlenecks and Breakthroughs.....	5
Chabahar: The Strategic Node.....	6
Competing Corridors.....	6
SCO: Ambitions and Constraints.....	7
Conclusion: A Contested Goeconomic Landscape.....	8



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16 April 2026

Executive Summary

Page | 3

International North-South Trade Corridor at a Glance

- ✦ The Russia-Iran-India corridor is part of a broader Eurasian shift driven by geopolitics and emerging non-Western systems, with the SCO acting as a coordinating political framework rather than an operational driver.
 - ✦ The 7,200 km INSTC connects Russia to India via Iran, cutting transit times by up to 40% versus the Suez route, with projected capacity of 30 million tons annually and up to \$1.5 billion in transit revenue for Iran
 - ✦ Cargo volumes are rising rapidly, reaching 26.9 million tons in 2024, with projections of up to 45 million tons by 2030 as key segments expand and operational capacity improves
- As a multimodal network with multiple branches, the corridor is evolving into a broader platform for Eurasian integration, intersecting with east–west routes and reshaping regional trade dynamics

Infrastructure Gaps and Progress

- ✦ The INSTC faces persistent infrastructure bottlenecks, with underdeveloped nodes like Bandar Anzali limiting capacity, while alternative routes via the western Caspian and Central Asia remain under consideration
- ✦ More advanced hubs such as Bandar Abbas and especially Chabahar are emerging as key nodes, with Chabahar positioned as a strategic gateway to Central Asia despite delays, sanctions risks, and cautious Indian investment
- ✦ The Rasht–Astara railway is a critical breakthrough that will close a major gap in the corridor, improving connectivity, reducing transit times, and strengthening the INSTC’s viability as a Eurasian trade route
- ✦ The corridor operates within a competitive landscape, facing rivalry from China’s Middle Corridor and projects like the Zangezur Corridor, highlighting a fragmented Eurasian system shaped by overlapping and competing routes

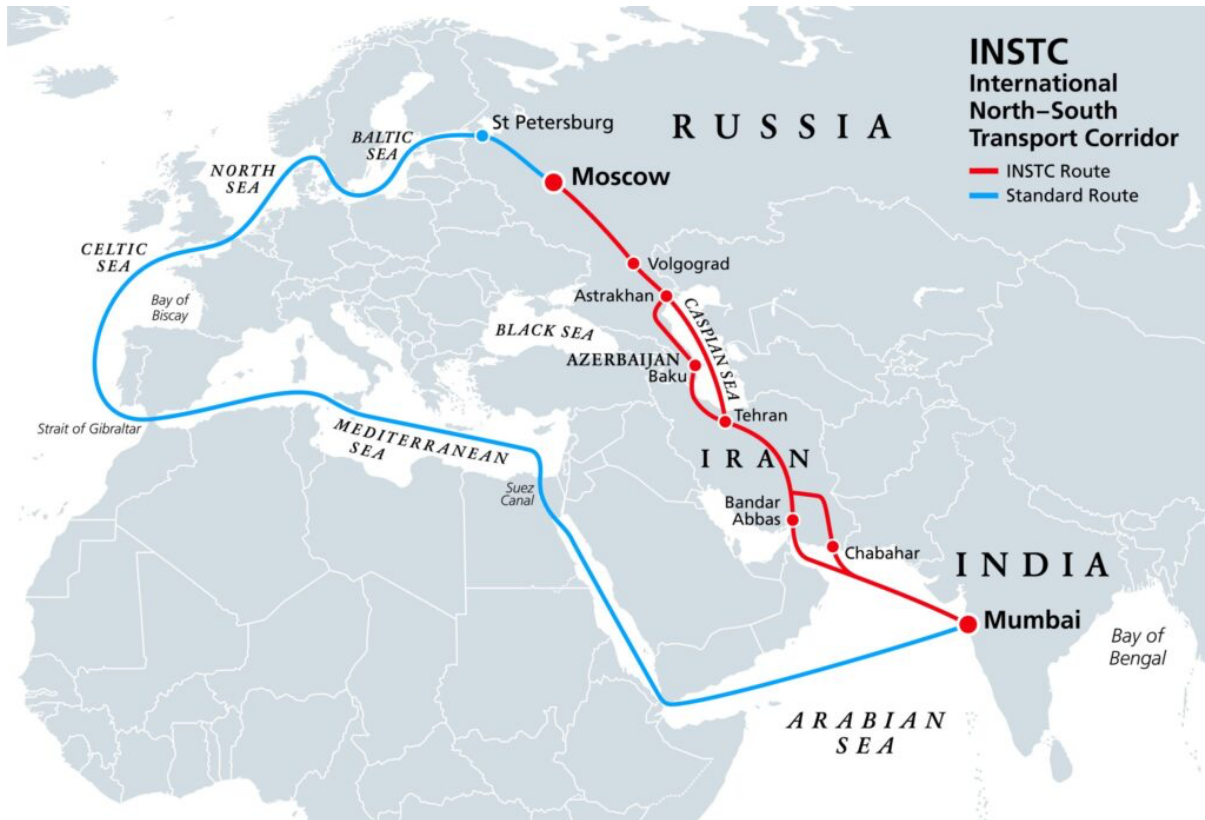
Shanghai Cooperation Organization: Ambitions and Constraints

- ✦ The SCO promotes de-dollarization and connectivity, but lacks the financial and institutional tools to implement them, leaving most initiatives limited and bilateral
- ✦ While it supports projects like the INSTC and broader Eurasian integration, progress remains uneven and increasingly reliant on China’s yuan and bilateral financing rather than a cohesive multilateral system

Conclusion

- ✦ The INSTC highlights both the shift toward Eurasian integration and the reality of a fragmented, competitive corridor landscape, where geopolitical tensions disrupt progress but alternative routes ensure partial resilience

Key Picture: International North-South Transport Corridor vs Standard Route



Source: [Modern Diplomacy](#)

Introduction

the Russia-Iran-India corridor should not be seen as a standalone logistics project, but as part of a broader Eurasian reordering shaped by sanctions, war, regional fragmentation, and the gradual institutionalization of non-Western trade, transport, and settlement networks. Within this evolving landscape, the Shanghai Cooperation Organisation (SCO) is seen not as the corridor’s direct operator, but as a political umbrella that supports deeper regional coordination, trade facilitation, and alternative payment and institutional arrangements. [Recent SCO documents](#) have indeed emphasized trade simplification, settlement-clearing mechanisms, and payment-system convergence.

The INSTC: Vision of North-South Integration

The emerging Russia-Iran-India trade corridor, commonly referred to as the International North-South Transport Corridor (INSTC), spanning roughly 7200 km, represents one of the most significant attempts to reorganize Eurasian connectivity along a north-south axis. The corridor begins in Saint Petersburg, passes through Moscow and Astrakhan, crosses the Caspian Sea, traverses Iran to the Persian Gulf and the Sea of Oman, and ultimately connects to Mumbai. If fully operational, it is expected to reduce transit times [by up to 40%](#) compared to the Suez Canal route, with projected capacity reaching 30 million tons annually by 2030. For Iran, this translates into [an estimated \\$1.5 billion in annual transit revenue](#). Recent agreements underscore this momentum. In late 2025, Iran, Azerbaijan, and Russia moved forward on completing the Rasht–Astara railway, a critical segment expected to significantly reduce transit times and improve corridor efficiency.

Cargo volumes along the INSTC are rising steadily, underscoring its growing relevance. In 2024, total throughput reached approximately 26.9 million tons, [up 19% year-on-year across all transport modes](#). The eastern route, the most operational segment, —handled around 1.8 million tons, with targets of 3 million tons in the near term and an estimated capacity of up to 15 million tons on Iran’s segment. By comparison, total throughput stood at 14.5 million tons in 2022, with projections suggesting the corridor could reach 45 million tons by 2030 if current growth trends persist.

Crucially, the corridor is not a single linear route but a network of multimodal connections combining railways, maritime shipping, and highways. It includes multiple branches that extend its geopolitical and economic reach: westward through the Caucasus (Azerbaijan, Georgia, and Turkey), and eastward toward Central Asia and Afghanistan. This branching structure transforms the corridor from a transport route into a broader platform for regional integration.

From the perspective of key BRICS actors, particularly Russia, Iran, and India, the corridor is part of a wider effort to integrate Eurasia along a north-south axis, complementing China’s east-west connectivity projects under the Belt and Road Initiative. Together, these overlapping corridors signal a shift toward a more interconnected Eurasian economic space, where north-south and east-west routes increasingly intersect.

Looking ahead, the next three to four years are likely to be decisive. As infrastructure gaps are reduced and multimodal links are consolidated, these corridors may become operationally integrated, creating a dense network of trade routes across Eurasia. This would mark a transition from fragmented regional projects to a more coherent geoeconomic system, with significant implications for global trade patterns, supply chains, and the balance of economic power.

Infrastructure: Bottlenecks and Breakthroughs

Despite its strategic appeal, the INSTC continues to face significant infrastructure constraints. Some key nodes along the route remain underdeveloped. Bandar Anzali, on the Caspian Sea, is envisioned as a key “bridge” within the INSTC, linking Russian and other Caspian trade flows into Iran. In practice, however, infrastructure constraints, largely a legacy of sanctions—remain significant, limiting its current capacity. Alternative routes, including expanded rail links along the western Caspian or via Central Asia, are therefore under consideration.

Further south, Iran’s main port, Bandar Abbas, represents a far more developed node, already integrated into global shipping networks and strategically located near the Strait of Hormuz. Meanwhile, Chabahar, on the Sea of Oman, is emerging as a critical hub for the corridor’s southern axis. Backed by Iranian investment in infrastructure and Indian support in equipment and logistics, the port is gradually positioning itself as a gateway for Central Asia and Afghanistan, with significant long-term expansion potential.

Despite persistent logistical bottlenecks, including limited connectivity and underdeveloped infrastructure in parts of the network, progress is steady. Over the medium term, Chabahar in particular is likely to become a central node in Eurasian trade, reinforcing the broader geoeconomic shift toward integrated north-south and east-west corridors.

A major step toward closing these gaps is the Rasht-Astara railway, a 160-kilometre segment connecting northern Iran to the Azerbaijani border. [Recently finalized by Russia and Iran](#), the project is expected to begin construction in 2026 and be completed by 2027-2028. As a missing link along the western Caspian route, it could significantly enhance continuity, reduce transit times compared to the Suez Canal route, and improve the corridor’s overall viability.

With technical, financial, and operational details now agreed, construction is expected to begin in early 2026 following the formal signing of the agreement in Moscow. Once completed, the railway will significantly enhance

freight capacity and continuity along the corridor. More broadly, the project strengthens the INSTC's role as a major Eurasian logistics artery, reducing transport costs and transit times between Northern Europe, Russia, Iran, and India, and reinforcing the corridor's growing geoeconomic importance.

Figure 1: Rasht-Astara Railway



Source: [The Cradle](#)

Chabahar: The Strategic Node

At the center of the corridor's southern axis lies Chabahar, Iran's only port with direct access to the Indian Ocean. Positioned as a gateway to Central Asia and Afghanistan, Chabahar offers a shorter and potentially more cost-efficient alternative to existing routes, particularly those constrained by geopolitical barriers.

However, its development reflects the broader tensions shaping Eurasian connectivity. India initially viewed Chabahar as a cornerstone of its regional strategy, both as a means of accessing Central Asia and as a counterweight to China's "String of Pearls" network of ports across the Indian Ocean. [Operated by India Ports Global Limited under a 10-year agreement signed in 2024](#), the port remains a critical node within both the INSTC and the broader competition over Eurasian trade routes.

Yet India's financial commitment has been cautious, and its involvement remains vulnerable to US sanctions policy. With the current sanctions waiver nearing expiry, New Delhi has been forced to explore contingency arrangements, including the temporary transfer of operations to Iranian entities.

Competing Corridors

The INSTC does not operate in isolation. It is part of a broader and increasingly competitive landscape of Eurasian connectivity projects. China's Middle Corridor, running from Xinjiang through Central Asia, across the Caspian, and into Europe via the South Caucasus and Turkey, represents a parallel east-west route. [Spanning roughly 7,000 km, this corridor offers transit times of around two weeks and reflects Beijing's strategy of diversifying routes to mitigate geopolitical and supply chain risks.](#) Turkey, for its part, has positioned itself as a central hub in this system. The Baku-Tbilisi-Kars railway and major investments in port and rail infrastructure underscore Ankara's ambition to anchor transcontinental trade flows.

Meanwhile, the proposed Zangezur Corridor, linking Azerbaijan to Turkey via Armenia, adds another layer of complexity. Backed by various external actors, it could reshape connectivity across the South Caucasus and

further intensify competition with the INSTC. What is emerging is not a unified Eurasian system, but a network of overlapping and competing corridors, each shaped by different geopolitical coalitions and economic priorities.

Figure 2: Zanzegur Corridor



Source: [Caspian Policy Center](#)

SCO: Ambitions and Constraints

Within this landscape, the SCO has articulated ambitious goals, including de-dollarization, transport integration, and enhanced regional connectivity. For countries like Iran, these initiatives are framed as pathways to greater financial sovereignty and reduced dependence on Western-dominated systems.

However, progress has been limited. The SCO lacks key institutional infrastructure—such as a unified financial messaging system or a multilateral clearing mechanism—needed to support large-scale trade in national currencies. As a result, most arrangements remain bilateral and operationally constrained, particularly for non-convertible currencies like the Iranian rial.

In practice, efforts to expand local currency use have not produced a diversified monetary system. Instead, they increasingly rely on the Chinese yuan, raising questions about whether de-dollarization reflects genuine monetary pluralism or a shift toward a new center of financial gravity.

A similar gap between ambition and implementation is evident in infrastructure. Despite strong political backing, progress on major projects has been uneven, underscoring the SCO’s limited capacity to mobilize financing and coordinate large-scale connectivity initiatives.

At the same time, the development of the INSTC could deepen integration among SCO members—particularly between Iran and key partners such as China, Russia, India, and Central Asian states. This is reflected in recent commitments, including the Tianjin Declaration, which emphasizes expanding Eurasian transport networks, strengthening supply chains, and advancing digitalization, alongside key projects such as the China–Kyrgyzstan–Uzbekistan railway.

Conclusion: A Contested Geoeconomic Landscape

The INSTC reflects a broader shift toward Eurasian integration, driven by geopolitical realignment and the search for alternative trade routes. More fundamentally, Eurasia is not converging into a single integrated system. Instead, it is fragmenting into a complex and contested geoeconomic landscape, where multiple corridors coexist, compete, and overlap.

Recent geopolitical tensions further highlight the corridor's vulnerability. US-Israel strikes on Iran have disrupted parts of the INSTC, temporarily halting construction and limiting operations along key segments. However, alternative routes, particularly the eastern corridor via Kazakhstan and Turkmenistan, have remained functional, underscoring the network's partial resilience. Officials have indicated that while active development in Iran is currently constrained, long-term plans remain unchanged, with operations expected to resume once conditions stabilize.