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Issue Brief

Iran's Central Asia Policy Gains Momentum amid Russia-Ukraine War

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S*ummary*

Amid the disruption in international trade and transport routes caused by the Russia-Ukraine War and Western sanctions on Russia, Iran has seen a sudden rise in its importance as a transit and transport hub connecting China and Central Asia to Europe, and also Russia with India, along the International North-South Transport Corridor (INSTC). The Raisi administration, which has delinked Iran's economic policy to the revival of the Joint Comprehensive Plan of Action (JCPOA), has focussed on economic diplomacy with 'Eastern' powers—Russia and China—and has taken measures to improve infrastructure connectivity with Central Asian neighbours, giving a fillip to Iran's geo-economic status in Eurasia.

On 18 June, the first freight train carrying Kazakhstan's sulphur cargo destined for Europe arrived in Iran from Incheh Borun at the Iran–Turkmenistan border.¹ A day later, the cargo reached Tehran, where President Ebrahim Raisi, along with the visiting Kazakh President Kassym-Jomart Tokayev launched the Kazakhstan–Turkmenistan–Iran (KTI) transit corridor, also called the Southern Caspian Sea Corridor to Europe via Turkey.² Just a week before Tokayev’s visit to Tehran, President of Turkmenistan, Serdar Berdimuhamedow, also visited Tehran, signing bilateral agreements for advancing economic cooperation, especially in transit and transportation sectors as well as oil and natural gas.

Amid the disruption in international trade and transport routes caused by the Russia–Ukraine war and Western sanctions on Russia, Iran has seen a sudden rise in its importance as a transit and transport hub connecting China and Central Asia to Europe, and also Russia with India along the International North–South Transport Corridor (INSTC). As Russia is focussed on its war in Ukraine, Tehran fears the United States taking advantage of ‘security vacuum’ in Central Asia. It is, therefore, actively advocating collective regional efforts to deal with terrorism, as well as drug-trafficking threats from Afghanistan.

Over the last 30 years since the emergence of independent countries in its neighbourhood in Central Asia and South Caucasus, Iran has sought bilateral and multilateral cooperation and regional linkages to allow it to take advantage of its crossroad location between Caspian Sea–Central Asia and the Persian Gulf. In the post-Cold War geopolitical environment, Tehran saw promotion of regional interactions and inter-regional linkages as part of what Edmund Herzig describes as “benign globalisation process that will limit the capacity of any single power to dominate the system”.³ In other words, it was hoped that enhanced connectivity will promote socio-economic development, foster regional stability and security and therefore help resist the hegemonic role of extra-regional powers.

Iran’s pursuit of functional cooperation, especially in transport and transit, and energy development, has been largely welcomed by the Central Asian and Caspian countries, even as they have pursued similar cooperation with rival actors such as the European Union (EU) and Turkey, whose approach, in turn, has been designed to undermine the influence of Iran and Russia. Iran’s geo-economic strategy has been to offer stable and competitive routes connecting its landlocked neighbours in Central Asia to international markets in Europe and Asia.

Importantly, the push for regional connectivity, instead of being driven by intensity of interdependent relations among regional neighbours, has come from regional states trying to address the artificially low level of such interdependence, giving the regional connectivity initiatives the character of ‘development integration’.⁴ Also, in the absence of limited investment and demand, enhancing the connectivity of

¹ **“Transit through 'Kazakhstan-Turkmenistan-Iran-Turkey' Corridor Launched”**, Government of the Islamic Republic of Iran, 19 June 2022.

² **“Iran, Kazakhstan Launch Major Rail Transit Link”**, *Pars Today*, 20 June 2022.

³ Edmund Herzig, “Regionalism, Iran and Central Asia”, *International Affairs*, 2004, Vol. 80, No. 3, pp. 503–17.

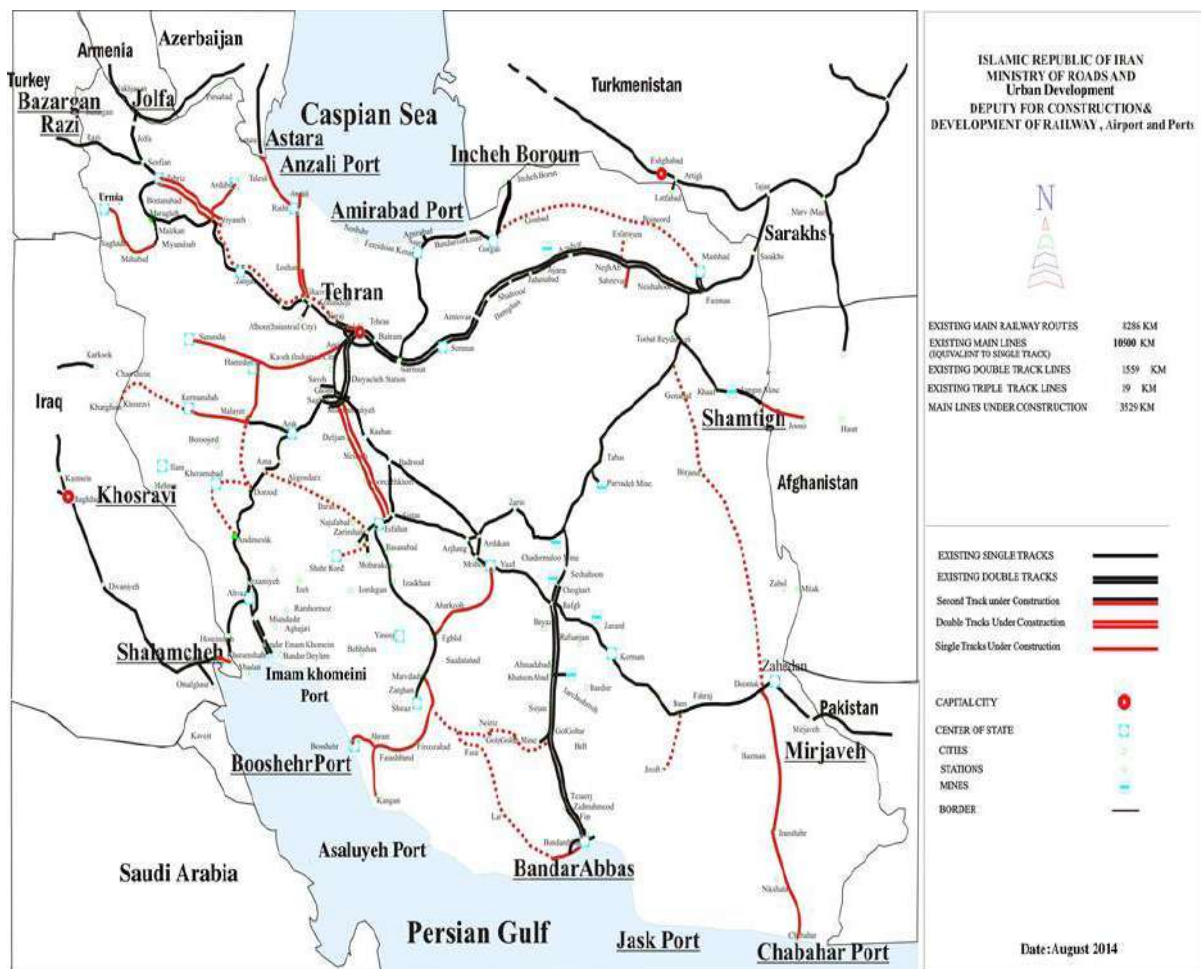
⁴ *Ibid.*

national transport systems, including railways, has been seen as the most viable solution for regional as well as trans-regional transport and logistics development.⁵

Iran in Eurasian Connectivity

President Raisi’s administration has prioritised neighbourhood policy as a key pillar of ‘resistance economy’, which is aimed at reducing vulnerability to sanctions. Recently, describing it as ‘strategic’ policy, Raisi argued that neighbourhood focus will not change with international developments.⁶ Raisi’s first official visit abroad was to attend the summit of Economic Cooperation Organisation (ECO)—made up of Central Asian and Caucasus states, apart from Iran, Turkey, Pakistan—in Ashgabat in November 2021. On the sidelines of the summit, Iran, Kazakhstan and Turkmenistan signed a tripartite Memorandum of Understanding on railroad cooperation.⁷

Map 1. Map of Iran Railway



Source: [Map of Iran Railway](#), The Railways of the Islamic republic of IRAN, August 2014.

⁵ Alexander Karavayev and Mandana Tishehyar, “[International North–South Transport Corridor and Transregional Integration Scenarios](#)”, *Valdai Club*, 26 June 2019.

⁶ “[Iran Ramps Up Neighborhood Diplomacy](#)”, *Tehran Times*, 1 July 2022.

⁷ “[1st Kazakhstan-Turkey Transit Train Arrives in Iran](#)”, *Tehran Times*, 19 June 2022.

Iran–Turkmenistan–Kazakhstan railway, also called the North–South railway corridor because it’s part of the INSTC, has been a work in progress for years. The 80 km railway line from Incheh Borun on Iran–Turkmenistan border to Gorgan in Iran’s Golestan Province was inaugurated in December 2014.⁸ Given that the Incheh Borun–Gorgan railway line connects railway networks of Russia, Kazakhstan, Turkmenistan and Iran, and is aligned with Russia’s objective of North–South transport corridor through Central Asia and Iran to India, Russian Railways had signed an agreement with Iranian railway in 2017 to carry out the electrification of 500 km stretch from Incheh Borun to Garmsar on the Tehran–Mashhad main line. This project was to be funded from a US\$ 5 billion Line of Credit from Russia for infrastructure projects in Iran. Russia withdrew from the project in 2020, but it pledged to revive the credit line during Raisi’s visit to Moscow in January 2022.

The credit line will help complete two INSTC-related railway projects in Iran—the electrification of Incheh Borun–Garmsar railway line and the 167 km long Rasht–Astara railway, which will connect the railway networks of Iran, Azerbaijan and Russia. Russia is currently facing major logistical challenges after its European neighbours closed borders with it and Belarus. Western sanctions have led Maersk, the world’s largest container operator, and other major freight forwarding companies, to halt deliveries to Russia. In May, Russian Transport Minister Vitaly Savelyev claimed that the Western sanctions had "practically broken all" logistics corridors utilised by the country for commerce.⁹ As a result, Moscow is attaching new priority to Eurasian connectivity and is expediting alternative transport routes to South Asia.

Russian Deputy Prime Minister, Alexander Novak, while visiting Tehran in May 2022, underscored Moscow’s commitment to developing a rail cargo route from Russia to India via Iran. Novak’s visit came a month after Iranian Road and Urban Development Minister, Rostam Qasemi, signed a comprehensive document in the transportation and transit sector including agreements for activation of the INSTC and development of maritime, air, and rail cooperation.¹⁰

Earlier, in November last year, to facilitate Iran’s growing trade with the Eurasian Economic Union, Islamic Republic of Iran Shipping Lines (IRISL) launched six shipping lines from Iran’s Caspian Sea port of Anzali to Russian ports in Astrakhan and Makhachkala and Aktau in Kazakhstan.¹¹ These shipping lines are now being used to operationalise the INSTC to overcome Russia’s logistics challenges and supply-chain disruptions.¹² In June 2022, state-run IRISL ran a pilot test on the INSTC. It coordinated transport of containers of wood laminate sheets, weighing 41 tons, by road from St Petersburg to jointly owned Iranian-Russian terminal in the

⁸ Keith Barrow, **“Iran – Turkmenistan – Kazakhstan Rail Link Completed”**, *International Railway Journal*, 3 December 2014.

⁹ Anwasha Majumdar, **“Russian Transport Min Asserts Western Embargoes ‘Practically Broken’ Logistics in Russia”**, *Republic World*, 22 May 2022.

¹⁰ **“RAI in talks with Russia to Supply Locomotives for Railway Fleet”**, *Tehran Times*, 11 May 2022.

¹¹ **“Iran to Launch 6 Shipping Lines in Caspian Sea to Russia, Kazakhstan”**, *Port News*, 15 October 2021.

¹² Dilasha Seth, **“Russian Food Retailer X5 Seeks Suppliers in India”**, *Mint*, 22 April 2022.

Caspian seaport city of Astrakhan to Iran’s Caspian port of Anzali, and from there by road to Iran’s Bandar Abbas port in the Persian Gulf and then on to Nhava Shava port on India’s western coast.

Kazakhstan, a crucial node in China–Europe connectivity via Russia, is seeking to protect its transit role by diversifying transport routes via Iran. The EU–China trade through the Northern Corridor (China–Kazakhstan–Russia–Belarus–Poland–Germany) has been impacted since the beginning of the year as a result of the tensions on Poland–Belarus border and diplomatic squabble between Lithuania and China over Taiwan. But the EU sanctions on Russia and European countries’ closing of their borders with Russia and Belarus have made alternative routes a necessity.¹³

In March, there was a flurry of high-level visits from Kazakhstan to Brussels. Apart from garnering EU support for the reforms announced by President Kassym-Jomart Tokayev, other important items on Kazakhstan–EU agenda included connectivity and securing unhindered trade and logistics routes and mitigation measures for the possible negative impact of the EU’s Russia sanctions on the Kazakh economy.¹⁴ Subsequently, Kazakhstan and the EU have sought to increase the capacity of the Trans-Caspian International Transport Route (TITR), called the Middle Corridor because it charts a middle passage by bypassing Russia in the north and Iran in the south.

The Middle Corridor is a multilateral institutional development linking China’s rail freight transport networks and the EU through Kazakhstan’s Caspian Sea ports of Aktau and Kuryk to Baku port in Azerbaijan and then via Baku–Tbilisi–Kars Railway. However, analysts have pointed out its ineffectiveness for EU–China trade.¹⁵ As a sea-rail corridor passing through five borders between China and Europe, it remains primarily a regional initiative connecting Kazakhstan and Turkmenistan to Europe evidenced by the fact that the development of infrastructure along this corridor has not seen much involvement of Chinese finance or logistics companies.¹⁶

Kazakhstan, therefore, in its bid to become a ‘competitive transit hub’ between China and Europe, is seeking to diversify by creating competitive overland routes via Turkmenistan and Iran. In May 2022, during Kazakh Deputy Prime Minister and Minister of Trade and Integration Bakhyt Sultanov’s visit to Iran, the two countries signed a MoU to increase transportation cooperation and to set preferential tariffs between the two countries.¹⁷ Based on this MoU, part of the cargo passing through

¹³ Yunis Sharifli, **“Crises and Consequences Along the BRI’s Northern Corridor”**, *China Observers*, 24 January 2022; **“Senior U.S. Official to Visit Lithuania in show of Support over Chinese ‘Coercion’”**, *Reuters*, 29 January 2022.

¹⁴ Alberto Turkstra, **“Kazakhstan – EU Relations in the Spotlight in Brussels”**, *The Astana Times*, 1 April 2022.

¹⁵ Saibal Dasgupta, **“War in Ukraine Challenging China’s Train Routes to Europe”**, *Voice of America*, 15 April 2022.

¹⁶ Jacob Mardell, **“On the ‘Middle Corridor’, China is Largely Absent”**, Mercator Institute for China Studies, 25 October 2019.

¹⁷ **“Iran, Kazakhstan Railway Heads Sign Contract for Cooperation”**, *Mehr News Agency*, 23 May 2022.

the northern corridor will be transported through Iran via the Kazakhstan–Turkmenistan–Iran–Turkey railway corridor.

The integration of regional corridors such as Kazakhstan–Turkmenistan–Iran railway corridor with International Transport Corridors is crucial for increasing cargo traffic necessary for the stability of the corridor. Further, the benefits obtainable to the economies of transit countries depend on the extent of integration between international transport corridors with regional and national logistics infrastructure.¹⁸ Iran has been keen to foster complementarity between the INSTC and other East–West latitudinal corridors, especially Central Asia–West Asia Corridor of the Belt and Road Initiative (BRI). At the SCO summit in September 2021, Raisi had argued that key infrastructure projects of the “One Belt–One Road Initiative, the Eurasian Economic Union and the North–South Corridor are not competitors, but complement each other. Iran is the link between the above three infrastructure projects”.¹⁹

Iran’s Drive for Regional Security Cooperation

In the wake of the Russia–Ukraine War, Iran blamed NATO’s eastward expansion for creating tensions, while calling for dialogue and diplomacy to resolve the crisis. In a telephonic conversation with President Putin soon after the beginning of Russian operation in Ukraine, Raisi noted that “the expansion of NATO is a serious threat to the stability and security of independent countries in different regions”, underscoring Iran and Russia’s shared security objectives in limiting the Western influence in the region. Both Iran and Russia have supported dialogue and cooperation among regional countries on issues ranging from the Caspian Sea to Afghanistan and terrorism, and share membership in a number of multilateral regional groupings.²⁰ Their geo-economic and geopolitical conception of Eurasia is based on advancing connectivity and security cooperation among regional states and exclusion of extra-regional players.

At the sixth summit of the Caspian Sea Littoral States in Ashgabat in June, Raisi described Caspian Sea as a “sea of peace and friendship” between neighbouring countries. Raisi further argued that the

cooperation among littoral countries, especially due to international developments, has become increasingly important and this interaction not only will lead to an economic boom and increased prosperity for our nations but also strengthens regional peace and stability and solves the issues of the Caspian Sea region through reliance on the littoral countries’ capabilities [with no foreign powers’ presence].²¹

¹⁸ **“International Transport Corridors in Eurasian Space: Development of Latitudinal Routes”**, Eurasian Rail Alliance Index, October 2020.

¹⁹ **“Iran’s Raisi Urges Closer Ties to Boost SCO Role in Global Economy”**, *Tasnim News Agency*, 17 September 2021.

²⁰ Nicole Grajweski, **“Russia and Iran in Central Asia”**, *Middle East Insights*, 14 July 2020.

²¹ **“Raisi Urges for More Coop. among Caspian Sea Littoral States”**, *Mehr News Agency*, 29 June 2022.

While meeting President Putin on the side-lines of the Caspian summit, Raisi reiterated that Iran pursues “strategic relations” with Russia, and called for strengthening of the North–South corridor, establishing banking and monetary relations independent of the Western financial system and cooperation in the field of energy.²²

Since the Taliban takeover of Afghanistan in August, 2021, Tehran has pursued a pragmatic policy of engaging the Taliban on issues of refugee influx into Iran, terrorism, border security, water-sharing, etc., while making formal recognition of Taliban government conditional to its power sharing with ethnic and religious minorities. Iran has been keen to avoid conflict with Taliban. For instance, it sought quick de-escalation during border clashes in December 2021 and has blamed recent fighting between local Hazara leader and Taliban in Balkhab district in Sar-e-pol province in northern Afghanistan on the US intelligence trying to create “ethnic and religious warfare to victimize the Hazaras and Tajiks”.²³

As it has been inking MoUs for broadening transport and transit ties with its Central Asian neighbours, it has reached out to Taliban to commission the 225 km railway line connecting Khaf in eastern Iran with Herat. The railway was inaugurated in December 2020, but some parts need reconstruction after suffering damage during the fighting that led to the Taliban control of the country. Nevertheless, shared concerns about spillover of instability and terrorism from Afghanistan have led Iran to maintain close dialogue and cooperation with Turkmenistan, Uzbekistan and Tajikistan—three Central Asian states that share long, porous borders with Afghanistan. Both Russia and Tehran are aware that the US can take advantage of Afghanistan’s neighbours’ security concerns to strengthen security partnership with these countries at their expense.

In a major turnaround of bilateral relations, Iran and Tajikistan established a Joint Military and Defence Committee in April 2021. The committee was tasked with charting the future of military and defense cooperation between the two countries. This cooperation reached a new milestone as Tehran opened an Unmanned Aerial Vehicles (UAVs) manufacturing plant in Tajikistan to manufacture Iran-made Ababil 2 drones in May 2022. Analysts have pointed out that the inauguration of the Iranian drone manufacturing facility in Tajikistan marks “the first serious step toward realising an official defense products export capacity” since the expiry of the UN-imposed conventional arms embargo on Iran in October 2020. Just days before Iran opened its drone plant, the US ambassador in Dushanbe announced that US will supply reconnaissance drone ‘Puma’ to Tajik border troops, in addition to financing for construction of a border post and border detachment along the Tajik–Afghan border.²⁴

²² **“Raeisi, Putin Agree to Increase Coop. in Energy Field”**, *Mehr News Agency*, 30 June 2022.

²³ **“Creating Ethnic, Religious War in Afghanistan US Priority”**, *Mehr News Agency*, 26 June 2022.

²⁴ **“The United States and Russia to Finance Construction of Frontier Posts along Tajik-Afghan Border”**, *ASIA-Plus*, 12 May 2022.

With Russia’s war in Ukraine and its support for rebel republics of Donetsk and Luhansk causing nervousness among Central Asian states about Russia’s revanchist tendencies and the negative fallout of the war on their economy, Washington sees an opening to ‘counterbalance’ Russia’s influence in Central Asia.²⁵ A month later, General Michael Erik Kurilla, the head of the US Central Command, embarked on a 10-day tour of Central Asian states. US concerns about terrorism threat from Afghanistan, which is facing a dire humanitarian crisis, have led it to pursue counter-terrorism cooperation, especially intelligence sharing. It is also seeking to augment its ‘over the horizon’ ability from its military bases in the Gulf by seeking some basing arrangements in Central Asia to launch drones and other surveillance flights.²⁶

As Kurilla wrapped up his tour, Special Representative of the President of Iran for Afghanistan Hassan Kazemi Qomi visited Tajikistan, Uzbekistan and Kyrgyzstan to emphasise the importance of regional process in dealing with post-conflict developments in Afghanistan.²⁷ In Tashkent, Kazemi Qomi confirmed Iran’s participation in the International Conference on Afghanistan that Tashkent is hosting in July and stressed the need for Iran and Uzbekistan to carry out the infrastructure, transport and energy projects in Afghanistan.²⁸ Earlier in March, Iran and Uzbekistan agreed to establish a Joint Security Commission for facilitating security and intelligence cooperation between the two countries.²⁹

Conclusion

The Raisi administration, which has delinked Iran’s economic policy to the revival of JCPOA, has focussed on economic diplomacy with ‘Eastern’ powers of Russia and China and has taken measures to improve infrastructure connectivity with Central Asian neighbours. The disruption in international transportation routes caused by neighbouring European countries closing their borders with Russia and Belarus has led Russia, Kazakhstan and Turkmenistan to prioritise transport and transit cooperation with Iran, giving a fillip to Iran’s geo-economic status in Eurasia. In geopolitical terms, instead of making a departure from its traditional Russia-centric Central Asia policy, where Tehran acknowledged Russian leadership as ‘a counter-hegemonic power or a Eurasian balancer’, Iran’s growing geo-economic and security role in Central Asia appears to be proceeding within the parameters of their convergent vision of Eurasia.

²⁵ Gordon Lubold, **“U.S. Courts Central Asian Nations to Combat Potential Terrorism from Afghanistan”**, *The Wall Street Journal*, 23 June 2022; Karoun Demirjian, **“US Works to Scale Up Intelligence Networks in Central Asia”**, *The Washington Post*, 21 June 2022.

²⁶ Karoun Demirjian, **“US Works to Scale Up Intelligence Networks in Central Asia”**, *The Washington Post*, 21 June 2022.

²⁷ **“Regional Problems, Crises Resolvable without US Presence”**, *Mehr News Agency*, 25 June 2022.

²⁸ **“Iran, Uzbekistan Discuss Afghan Developments”**, *Tasnim News Agency*, 25 June 2022.

²⁹ **“Iran, Uzbekistan Sign Deal on Joint Security Cooperation”**, *Iran International*, 12 March 2022.

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