

# Transport Corridors Connecting Central Asia with South Asia: Prospects and Priorities for Uzbekistan

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## ABSTRACT

In this article Author analysis prospects and problems of developing transport corridors in Central Asia and further connections of Central Asian countries into South Asia by interregional transport corridors. Besides, some possible effects of developing interregional transport corridors through participation of Uzbekistan are also studied.

**KEYWORDS:** *transport corridors, Central Asia, Uzbekistan, South Asia, problems, prospects*

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The Central Asian countries do not have direct access to sea transportation and are thus cut off from the cheapest type of transport routes, in this regard, the development of transport communications in the region remains one of the key problems.

There are a number of problems in the practice of forming international transport corridors, the main of which is the discrepancy between the regulatory frameworks of various countries participating in the transportation process:

- the absence of a single standard of the transport document;
- Various technical standards – the absence of a unified railway track along the entire route.

The need to develop overland transcontinental trade routes is explained in the following:

- exhaustion of the Suez Canal capacity. The recent blocking of the Suez Canal has shown the importance of promoting alternative transport corridors and raised questions in the expert community about the risks of excessive dependence of the world on this route[3];
- congestion of the main world ports of Eurasia;

➤ dynamic economic development of Western China, India and Pakistan.

The route through the Kabul corridor Russia-Kazakhstan-Uzbekistan-Afghanistan-ports of Pakistan-ports of India, can serve as a competitive alternative, since it is 500-600 km shorter than the existing routes of the North-South corridor.

The Central Asian region today has a huge untapped export and transit potential, which, if used in the future, can allow increasing trade turnover between large regions of the Asia-Pacific region, South and Southeast Asia, Russia and Europe through the implementation of major transport projects.

The Asian Development Bank (ADB) forecasts the growth of developing economies in Asia by an average of 7.3% in 2021 [4], despite the continuing threat of coronavirus. Experts note that the optimistic forecast is associated with hopes for the recovery of the global economy, as well as progress in the distribution of vaccines. ADB expects China's GDP to grow by 8.1%, as well as India's GDP to grow by 11% in 2021[5].

According to the report of the BCG international consulting campaign “Investing in Central Asia: one region, many opportunities” from 2018, the potential of Central Asia to attract foreign direct investment over the next 10 years is estimated at up to \$170 billion, including \$40-70 billion in non-resource industries[6].

According to forecasts of domestic experts by 2025, the volume of traffic between India, Pakistan and European countries, even with the smallest hypothetical redistribution (3%) of part of the cargo flow from the existing India–Pakistan–EU sea corridor and back to the Mazar-I-Sharif-Kabul-Peshawar route, will amount to 5.5 million tons[7]. Revenues from the transportation of transit cargo by railways of Uzbekistan are expected to amount to 595 million US dollars by 2025[8].

The maximum involvement of rail transport in cargo transportation during the pandemic in 2020 led to a significant expansion of the geography of Uzbekistan’s international transportation and showed a huge potential that needs to be worked on and developed on an ongoing basis, developing practical measures to increase the transit potential of the republic.

As a result of active management measures, in 2020 the volume of international rail transport amounted to 40 million tons (42% of the total volume of rail transport).

The volume of transit cargo transported by rail in Uzbekistan over the past few years has reached the value of 2013 for the first time - up to 8.2 million tons (from 2013 to 2019, the average annual volume was 7.7 million tons) with the intensification of work on the formation of transport corridors beneficial for the republic.

A special role is played by the growth in the volume of transit of petroleum products from Turkmenistan to Afghanistan (461%), as well as from Russia to Tajikistan (123%). In addition, the transit of milling products from Kazakhstan to Afghanistan has significantly increased (116%). Also, agreements on tariff preferences concluded between the participating countries “Kyrgyzstan – Uzbekistan– Turkmenistan– Azerbaijan –Georgia” and Turkey contributed to the growth of transit traffic. This agreement was signed during the meetings of the heads of railways of five countries - Azerbaijan, Georgia, Kyrgyzstan, Turkmenistan and Uzbekistan in Tashkent on December 19-20, 2019. Within the framework of the meeting, the participants agreed to develop the international multimodal route “Asia-Pacific countries - China - Kyrgyzstan - Uzbekistan -

Turkmenistan - Azerbaijan - Georgia – Europe” and vice versa, with the development of common approaches for accelerated passage of container trains and the use of unified, competitive tariffs[9].

As a result of agreements on sections of the multimodal route, more than a thousand containers have been transported since the beginning of 2020[10].

Currently, 93% of all cargo from China to Europe[11], and 96% from India to Europe[12] and back are transported by sea. The mutual trade turnover of the two most economically advanced countries of Southeast Asia - India and Pakistan with the EU countries shows stable growth, which leads to the emergence of demand for alternative modes of transport: air, road and rail. The entry of these countries into full SCO members in 2017 contributes to the search for solutions aimed at developing international trade[13].

In his message to the Oliy Majlis, President of the Republic of Uzbekistan Sh. Mirziyoyev set the task to bring “the transit potential of our country from the current 7 million tons to 16 million tons per year”[14].

Thus, the search for other alternative land routes by which goods can be delivered to Europe and in the opposite direction is an urgent task.

The Mazar-I-Sharif-Kabul-Peshawar railway construction project is a logical continuation of the Khairaton–Mazar-I-Sharif railway, which will form a new and shortest transit corridor with access to the Pakistani and Indian railways, as well as to the ports of the Arabian Sea (Gwadar, Karachi, Mumbai, etc.).

By creating a unified railway infrastructure of the CIS countries with the countries of South Asia (Afghanistan, Pakistan, India, Bangladesh), this project allows for the speedy transportation of goods along the North-South corridor without additional costs, connecting the largest markets of South Asia with the markets of the CIS countries and Europe[15].

On September 20, 2018, at the International Conference “Central Asia in the system of International Transport Corridors: Strategic prospects and unrealized opportunities”, scientifically based research results and advantages of the formation of the “Kabul Corridor” were presented for the first time[16].

On December 3-4, 2018, a multilateral meeting of the heads of the railway administrations of Russia, Kazakhstan, Uzbekistan, Afghanistan, and Pakistan was held in Tashkent[17]. As a result of the meeting, a protocol was signed on the establishment of a joint

working group and a financial consortium between the railway administrations of Uzbekistan, Russia, Kazakhstan, Afghanistan and Pakistan. The chairmanship was delegated to the Uzbek side.

In March and September 2019, Tashkent hosted the first [18] and second [19] meetings of the multilateral Working Group on the construction of transit railway lines through Afghanistan.

In February 2020, with the support of the World Bank, the First meeting of the Central Asia-South Asia Transport Platform was held in Tashkent, with the participation of delegations from Afghanistan, Tajikistan, Pakistan, Uzbekistan, etc.[20] At the same time, the World Bank noted that the Peshawar–Kabul–Mazar-I-Sharif route is a crossroads of promising routes of Pakistan connecting the Indian Ocean with the countries of Central Asia, China, Russia, the Caucasus and the European Union.

In February 2021, Uzbek-Afghan-Pakistani high-level talks were held with the participation of the heads of key international financial institutions. As a result of the negotiations, a roadmap for the construction of the Mazar-I—Sharif—Kabul-Peshawar railway with a length of about 600 km was approved[21].

In the period of March 13-17, 2021, the delegation of the Republic of Uzbekistan visited the Islamic Republic of Pakistan in order to study the infrastructure of the Pakistani ports “Qasim”, “Karachi” and “Gwadar” and organize bilateral negotiations[22].

An agreement was reached to intensify work on the effective use of the Uzbekistan–Afghanistan–Pakistan route using the ports of Pakistan.[23]

In May 2021 The World Bank expressed its readiness to support the Mazar-I-Sharif-Kabul-Peshawar railway construction project, in particular, to allocate funding for field research and assist in the development of design estimates. The Mazar-I-Sharif-Kabul-Peshawar railway project is estimated at \$5 billion. It involves the construction of a highway with a length of 573 km and a transit potential of up to 20 million tons of cargo per year[24].

The construction of a new railway line is of interest to Russia, EU countries and other countries to promote the Eurasian Economic Space to the south and increase transit traffic. So, in May 2021, at a meeting with the head of Russian Railways, the issue of joint promotion of the Mazar-I–Sharif-Kabul-Peshawar railway construction project with the involvement of international financial institutions was separately considered. An agreement was reached on the participation of Russian Railways in the

comprehensive preparation of the project, including the development of technical documentation, and the early start of construction [25].

The mutual trade turnover of the two most economically advanced countries of Southeast Asia - India and Pakistan with the EU countries (India–EU trade turnover in 2019 – 37 million tons, in 2020 - 24.5 million tons; Pakistan-EU – in 2019 - 6.3 million tons, 2020 - 5.9 million tons[26]) shows stable growth, which leads to the emergence of demand for alternative modes of transport: air, road and rail. For comparison, in 2019, the trade turnover of Uzbekistan - India and Pakistan amounted to 72 thousand tons[27], which indicates a great potential for the development of the regions.

Along with this, it should be noted that in 2017, India and Pakistan became full members of the SCO.

The development of transport corridors on the territory of Central Asia, leading to the formation of a unified transport system, serves as an impetus to search for additional outlets to the international markets of Southeast Asia.

China and India have been interested for a long time in reaching Europe by the shortest land roads. In addition, today these two great countries are not connected by rail, it is the western part near the city of Kashgar that is economically and industrially developing in China, and the railways of India do not have access to the railways of Central Asia and other regions.

The favorable geographical position of Uzbekistan allows unhindered foreign trade transportation on alternative routes. In these conditions, there is a need to use alternative transport corridors to Southeast and East Asia: the "Kabul Corridor" (Uzbekistan - Afghanistan - Pakistan) and China - Kyrgyzstan - Uzbekistan.

In order to increase the competitiveness of domestic corridors and reorientation of transit cargo from alternative to domestic railways, experts[28] suggest the early formation of corridors:

Uzbekistan - Afghanistan - Pakistan and China - Kyrgyzstan - Uzbekistan with the organization of road transportation of goods on existing international highways from Kashgar (China) to Andijan (Uzbekistan) and Peshawar (Pakistan) to Galaba (Uzbekistan) with the charging of a tariff, as for rail transportation.

The new land transport corridor will connect the European Union, Russia, China, Uzbekistan, Afghanistan, Pakistan, India and further Southeast Asian states. The development of these routes will



lead to an increase in the transit potential of the countries of the Central Asian region, including Uzbekistan, and the formation of new transit corridors: “India - Pakistan - Afghanistan - Uzbekistan - Kazakhstan - Russia - Belarus - the European Union”, “China - Kyrgyzstan - Uzbekistan - Afghanistan - Pakistan – India”.

Proceeding from the above, the International Conference being held is a logical continuation of the measures being implemented in the republic to develop the transport and communication industry and foreign trade of the regions, strengthen interregional interconnectedness, as well as restore the economy and establish peace in Afghanistan. This event will contribute to a detailed discussion of issues to attract the business community to the implementation of projects.

The modern geographical location of Uzbekistan poses the task of forming promising transit transport corridors. Thus, Uzbekistan in the future may become a crossroads between North-South and West -East, where the entire territory of the republic and the whole Central Asia as a whole will be considered as a single major logistics hub - a market of global importance.

And in the near future, with a properly structured Strategy for the development of the transport industry, its integration with the global network of railways and highways, the main indicators in the field of transport will be achieved, such as a potential increase in cargo turnover, the speed of cargo delivery, the volume of transit cargo; passenger turnover and, at the same time, the flow of transit tourists. And this, in turn, will increase the attractiveness to the Central Asian region and the competitiveness of transport routes in the region due to the further growth and development of multimodal transport.

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