

**Minutes of the  
6<sup>th</sup> Meeting of Expert Groups I & II  
of Coordination Council of the INSTC Project  
28<sup>th</sup> to 30<sup>th</sup> May, 2012 New Delhi.**

1. As decided in the meeting held in the Department of Commerce (DOC), Ministry of Commerce & Industry, Government of India in New Delhi on 18.1.2012 for discussing the modalities for moving forward on the International North South Transport Corridor (INSTC) Project, the 6<sup>th</sup> meeting of Expert Groups I & II of Coordination Council of the INSTC Project was held on 28<sup>th</sup> to 30<sup>th</sup> May, 2012 in New Delhi.
2. The list of participants is given at Annexure-I. The house noted the absence of the Iranian delegation in the 6<sup>th</sup> Expert Groups' Meeting. Iran was represented by the Embassy of Islamic Republic of Iran. The discussions were held as per the Agenda circulated in advance. The same is at Annexure-II.
3. In his key note address delivered during the Plenary session, Mr. Saurabh Chandra, Secretary, DoC, Ministry of Commerce and Industry, Government of India, advised the Expert Groups could strive for achieving the following:-
  - Identifying areas of residual construction on the main North-South Corridor. The time frame for completion of the work.
  - Identification of bottlenecks on the main North-South Corridor and action plan for the resolution.
  - Action plan along with time frame for harmonization of the customs and insurance documents/ customs procedures.
  - Identification of complementary routes and their status and actionable points for the member countries.

In his valedictory remarks, Mr Sanjay Singh, Secretary (East), Ministry of External Affairs, India appreciated the contribution of all the member countries of INSTC in moving forward the project. He welcomed and supported the idea of a having a dry run on the INSTC which would provide a complete picture of its commercial viability and also welcomed the recommendation of setting up of the INSTC Operation Authority. In this regard he requested the Iranian side to prepare a policy paper of the structure of the proposed INSTC Operational Authority which could be discussed in the next Coordination Council meeting.

#### 4. STAKEHOLDERS' MEETING

The sixth meeting of the Expert Groups I & II was preceded by the meeting of the stakeholders. The deliberations are given in the following paragraphs.

- (a) **INDIA:** The stakeholders from India were represented by different associations/ entities like multimodal operators, freight forwarders, custom house agents, ship owners, container operators, warehousing experts etc. They expressed the lack of information on customs procedures, transshipment, etc. They desired that there should be a forum of national Associations of different stakeholders of the member countries of INSTC.
- (b) **ARMENIA:** Armenia while supporting the INSTC project brought out that they have already started the construction and rehabilitation of the surface road from the border with Iran to the border with Georgia, which crosses the country from the south to north, connects Iran-Armenia-Georgia reaching the ports of Poti and Batumi in the Black Sea, and via Georgia links to Russia. For the same, the project of construction of the railway route from Iranian city Marand to Armenian Meghri is under preparation, with the aim of further connection through the existing Armenian railway network to Georgia, Russia and Ukraine. Hence Armenia requests the above to be reflected in INSTC road map. They have provided the Expert Groups with details of the North-South Road Corridor investment program (Annexure III). Armenia expressed their reservations about the venue of the next INSTC Coordination Council meeting in Baku, Azerbaijan.
- (c) Most of the representatives from various countries present during the stakeholders meeting, stated that either they would like to express their views during the Expert Groups' meetings or that they had no comments to offer as they were attending the meeting as observers.

#### 5. EXPERT GROUP – I ON COMMERCIAL AND OPERATIONAL MATTERS

The deliberations and decisions on the agenda points of Expert Group I are given in the subsequent paragraphs.

**5.1 Construction on Main North South Corridor and other Complementary routes and their integration:**

- (a) **INDIA:** India stated that the fundamental connectivity issue in the North-South corridor was the missing link in the Quazvin-Rasht-Astara sector and also in the Quazvin-Bandar Anzali Sector. India while desiring to know the status of construction on the main corridor and the complementary routes, stressed that it was very vital for the North-South Corridor, that necessary steps be taken to complete the above two sectors. India said Iran should intimate the bottlenecks for completing these two sectors and offered that assistance required could be considered by member countries of INSTC.
- (b) **RUSSIA:** The representative of the Russian delegation presented his country position on the topic. The activities of the concern 'Sojuzvneshtans' were described – experience of handling wide range of freights; delivery of cargo through joint ventures and partners in different countries; services in custom clearance, certification, freight risk insurance etc; member of FIATA (Association of International Freight Forwarders); involvement in projects in Iran and Central Asian Countries. He provided a document on activities of 'Sojuzvneshtans' (Annexure-III). The Russian side also mentioned about the agreement for a joint venture between Iran, Russia and Azerbaijan on the construction of the Rasht - Astara (Iran)– Astara (Azerbaijan) sector.
- (c) **IRAN:** The Iranian representative gave an updated status on the construction of the following six routes passing through Iran-
- (i) **North-South Corridor:** The Quazvin-Rasht-Astara is approximately 372km in length of which the Quazvin-Rasht sector has been completed upto 70% - the Iranian delegation intimated that financial and technical assistance is welcome for this sector of the N-S corridor. For the Rasht-Astara(Iran) sector (163 kms) bidding has been done and contractor has been identified. On the Rasht-Astara (Iran) sector the Iranian side highlighted the more difficult nature of the construction, as it is close to the sea line and there are some technical problems for constructing it.
- (ii) **North-West Route:** This is the railway route between Kazakhstan, Turkmenistan and Iran. The Iranian portion of this route is 90 km in length. Iranian representative stated that this part of the route would be completed by December, 2012.

- (iii) **Chahbahar-Zahedan-Mashhad Route:** This route is 1332 km in length. It is to be constructed in conjunction with India for which an initial study has been done. However, India has recommended to the Iranian side for a detailed techno-economic feasibility study to take the project forward.
- (iv) **East-West Route:** This is the route connecting Iran to Iraq and further to Syria. Iran said that the gap between Iran and Iraq would be fulfilled through two projects identified for the purpose.
- (v) **West-East Route:** This route connects Iran to Afghanistan and further to Tajikistan, Kyrgyzstan and China. The sub-structure on the Iranian side is complete.
- (vi) **Qatar-Iran-Oman-Turkmenistan-Uzbekistan Route:** This route connects the Persian Gulf to Central Asia an Agreement for which was signed between the five countries in April 2011.
- (vii) Iran also expressed readiness and support for setting up a railway station for loading /unloading cargo from the Azerbaijan railway at the zero border point with Azerbaijan in the absence of a Multi-Modal Road and Railway transit corridor between Rasht and Astara at the zero border point with Azerbaijan and upon the agreement of the Azerbaijan side to extend its railway to the zero border point with Iran. Upon the agreement of the Government of Azerbaijan, Iran could build and operate the said railway station at its border point in Astara (Iran). The Azerbaijan delegation expressed its readiness to discuss this with the Iranian side during the next Corridor Council meeting in July 2012.

In this connection the Iranian side submitted a list of projects (Annexure III) on the above routes and also in other parts of the railway network of Iran. Among them the project relevant for the North-South corridor has been approximately valued at 250 million Euro. The total cost of the building operation of the railway between Quazvin to Astara (Iran) has approximately been valued at 500 million Euro

- (d) **AZERBAIJAN:** The representative of Azerbaijan gave the current status of the railway line between the Azerbaijan-Iran border and Astara (in Azerbaijan). The length of this route is about 8.3 kms. The Azerbaijan side stated that the survey on this route has been completed

and the acquisition of land has to take place. A bridge on the river Astarawill be built. For implementing the project discussions are going on for a joint venture among Iran, Azerbaijan and Russia. On the statements made by Iran regarding status/ progress on the Qazvin-Rasht and Rasht-Astara(Iran) sectors, the Azerbaijan side desired to know the technical details.

- (e) **KAZAKHSTAN:** The Kazakhstan side presented the status of the Kazakhstan-Turkmenistan-Iran railway route. On the Kazakhstan side, the project is in an advanced stage of completion – a trial run has been done and a facility has been created for completion of the project. The project is expected to be completed in December, 2012. Kazakhstan informed about the works currently being undertaken for the development of the port Aktau. Aktau will enhance the annual capacity to 18 MT from the present 13.5 MT. This includes increasing the depth of the shipping channels, three dry terminals including one for wheat. Besides it is also to be noted that the port already has the railway ferry. Presently the port handles 31% of the total goods transported in the Caspian region.
- (f) **TAJIKISTAN:** The republic of Tajikistan, as a stakeholder country in the North-South corridor is interested in utilizing the facilities of the sea ports of Iran (Bandar Abbas and Chahbahar) and as a participant of the Agreement of the North-South Corridor considers delivering goods safely and completely upto the Republic of Tajikistan through the territory of the Republics of Central Asia particularly Turkmenistan, Kazakhstan and Uzbekistan as an important factor.
- (g) **TURKEY:** Representative of Turkey stated that their country is involved in the East-West corridor which connects Europe through Turkey to China. Kars-Tbilisi-Baku railway and the Marmaray crossing are the main components of this corridor in Turkey. They are expected to be completed in 2013 and 2015 respectively and the whole corridor from Edirne to Kars will be functional in 2023 with the high-speed train system. For this route, Kazakhstan and Azerbaijan are upgrading the Aktau and Baku ports respectively. The Turkish representative reminded that the Turkish-Iranian railway which connects Turkey to Pakistan and India through Iran is also functional and there are plans to further improve the connection with an additional route from Kars to Igdir to Dilucu on the Turkish-Azerbaijan border. This new addition will decrease the travel time between Istanbul to Lahore to 12 days and between Istanbul to Mumbai to 14 days.

**5.2 Infrastructure Facilities and Services; Tariffs and Fees; Electronic Data Exchange; Other Issues:**

- (a) **INDIA:** Indian side sought status of infrastructure facilities on the various ports in the N-S Corridor, tariff and fee structure on the ports and on transiting cargo, details of electronic data exchange, reports available if any and comments on other issues.
- (b) **RUSSIA:** Russian representative informed about the infrastructure facilities at Olya port. It has two cargo areas one of which is ready, the second one is expected to be ready by July, 2014. The representative provided a document with the details of Olya. On tariffs and fees, Russia informed that the port fees have different components – cargo charges, storage charges, cargo handling charges, etc. The representative provided a document with the details of tariffs and port charges at Olya (Annexure-III).
- (c) **IRAN:** The representative of the Iranian side informed about the facilities at the Chahbahar. It is well connected with roadways and discussions are on for developing railway connectivity with this port. However, Bandar Abbas port is having railway lines. Iran said that all information regarding facilities in their ports is available in their respective websites which is generally updated. Responding to the lack of information on tariffs and fees, the Iranian representative provided a tabulation of tariff rates applicable at different ports in Iran (Annexure-III).
- (d) **TURKEY:** The representative from Turkey stated that as regards exchange of information on tariffs and fees, it would be advisable to exchange such information in written form. Also, such information could be made available in the INSTC website. On the subject of electronic exchange of information, he said India, given its strength in the field of Information Technology, should take the lead in this regard and create and maintain the INSTC website.

**6. CONCLUSIONS & RECOMMENDATIONS: EXPERT GROUP - I**

Based on the above discussions, the following conclusions and recommendations were adopted on the issues in the INSTC project with respect to Expert Group - I:

### **Conclusion 1**

It was concluded that the information regarding status of readiness of the route and the infrastructure facilities on the North-South Corridor were not available in a comprehensive manner. In addition, it was noted that there were gaps in the N-S corridor - particularly, in the Qazvin-Rasht-Astara sector.

### **Recommendation 1**

It was recommended by the Expert Group that in order to get acquainted with the N-S corridor and its missing links, a dry-run should be conducted starting from Mumbai and going to Russia via Bandar Abbas through Iran and via Caspian Sea. This dry run should envisage despatch of cargo on the N-S corridor and coordination between the different stakeholders of the member/ beneficiary countries of INSTC. As regards completion of construction of missing links in the Qazvin-Rasht-Astara (Iran) sector, a fund may be created. The arrangement for such fund would be discussed in the next Corridor council meetings.

### **Conclusion 2**

The Group concluded that the stakeholders of the INSTC project required coordination among the national associations of freight forwarders, ship owners, etc. of member countries.

### **Recommendation 2**

As suggested by the Turkish side, it was recommended that the national associations of different kinds of stakeholders of the INSTC member countries could link up with the Black Sea Economic Cooperation Organization and benefit from their experience in harmonization and joint projects.

### **Conclusion 3**

INSTC, unlike some other International organizations, does not have a strong authority who could address the operational issues on ground. The governing body of the Coordination Council in its periodic meetings is not able to resolve the operational issues.

### **Recommendation 3**

It was accordingly recommended to create an INSTC Operational Authority with the approval of the Coordination Council, equipped with requisite staff, which would resolve the operational issues in the INSTC corridor. The house recommended that the head office for such an Authority should be in Iran, with backup offices in New Delhi and Moscow. It was also recommended that the IT skills of India could be used for the purpose.

### **Conclusion 4**

It was concluded that, while there is a dedicated website for INSTC, it requires to be updated periodically.

### **Recommendation 4**

It was decided that the IT skills of India could be utilized for keeping the website updated and for facilitating linkages with the relevant national websites of the member countries.

## **7. EXPERT GROUP - II ON DOCUMENTATION, INSURANCE, CUSTOMS AND RELATED ISSUES**

Based on the above discussions, the following conclusions and recommendations were adopted on the issues in the INSTC project with respect to Expert Group - II:

### **7.1 Documentation, Insurance, Customs, Infrastructure, Electronic Data Exchange, and related issues**

- (a) **INDIA:** Indian side sought status about the customs, insurance procedures being followed in all the INSTC member countries. On insurance, Indian representatives stated that generally insurance is paid at the country of origin and the customs duties are paid in the country of destination. He, however, said that there may be some countries that require payment towards insurance. Hence, it is to be understood from trade as to whether there are any issues associated with insurance in the transit countries. On customs procedure, the Indian representative highlighted three essential components required



by the transiting country which are applicable in the international trade: one, nature of guarantees; two, documentation; three, physical inspection of containers/goods (including affixation of seals on containers which may be checked at the exit points). These issues need to be examined with a view to bring down the time and costs of transit. On the subject of single integrated operator, India sought views whether a consortium type mechanism could be put in place for taking care of the operational issues like a service provider.

- (b) **TURKEY:** On insurance, it was explained that while no additional insurance is required generally in the transiting country, however the transiting country requires a guarantee or certification regarding exit of goods from that country. On the harmonized customs document, he stated that, similar to the practice in EU, the customs documents could be in different languages while the content may be the same. On the subject of single integrated operator through a consortium, he stated that the consortium could cover infrastructure, as well as financial aspects and operational issues.
- (c) **IRAN:** On insurance Iran also highlighted that insurance is not required by the transiting country and the purpose of insurance is to cover loss of containers, damage to cargo during their transit, etc. On the aspect of physical inspection of cargo, he confirmed that their customs points are equipped with the latest technologies i.e. scanning/X-ray, etc. On tracking of cargo moving in trucks, Iran stated that the Iranian authorities have ordered the use of GPS facility in all trucks transiting its territory. Alongside Iran stated that the operators are advised to move their cargo in trucks on specified road routes. On the subject of single integrated operator, he stated that the idea needs to be elaborated more including the possible legal and technical issues regarding creating such a consortium.
- (d) **AZERBAIJAN:** The representative of Azerbaijan highlighted the 'single window' customs clearance system in place for smooth transit of cargo through its territory. This has helped them to simplify the customs formalities. Electronic data bank is also available under the 'Single Window' system. The infrastructure facilities (administrative and customs posts) on the borders with the neighbouring countries including Russia have already been modernized. The representative stated that they have implemented the GPS system for tracking the movement of trucks.

- (e) **RUSSIA:** The Russian representative stated that common customs procedures are followed in the Customs Union of Russia, Belarus and Kazakhstan. He said that the railway bills are expected to be sufficient proof and the only required document for transit of goods within Russia and all member countries of the North-South Corridor.

## **8. CONCLUSIONS & RECOMMENDATIONS: EXPERT GROUP - II**

Based on the above discussions, the following conclusions and recommendations were adopted on the issues in the INSTC project with respect to Expert Group - II:

### **Conclusion 5**

It was concluded that there was lack of information of problems related to customs procedure and documentation in transit.

### **Recommendation 5**

It was recommended that a core group on customs be formed to study the subject and find solutions. The countries in the core group would be – India, Russia and Iran with the support of Turkey. The core group would comprise members of customs experts/ representatives in Delhi and would work on the subject in India. Turkey and Iran do not have a presence of custom experts in New Delhi, however, inputs would be provided by the Turkish Embassy in New Delhi after due consultations with their government/ Customs authorities. For Iran the embassy in Delhi would participate in the discussions of the group after getting inputs from the relevant authorities in Iran. It was also considered that inputs from the Economic Cooperation Organization may be taken by the Group.

### **Conclusion 6**

On the subject of consortium of single integrated operator, it was concluded that the role of an integrated service provider would arise only after completion of the N-S corridor.

## Recommendation 6

The Group recommended that a joint venture/ arrangement be formed between the four countries i.e Iran, India, Russia and Azerbaijan. This group could find solutions for all aspects like infrastructure, funding, service providing.

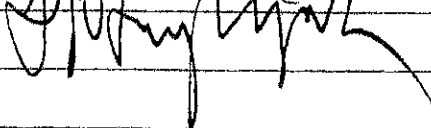
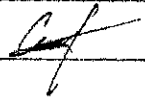
## 9. Coordination Council Meeting

The two Expert Groups noted that the above recommendations would be placed before the next Coordination Council Meeting for approval, which is scheduled to be held in Baku, Azerbaijan in 2012, as that country has accepted to host the same. The Expert Groups agreed that any preparatory work required on the above recommendations, would be undertaken before the next Coordination Council Meeting.

The venue of the Seventh Meeting of the Expert Groups would be decided during the next Coordination Council meeting.

Signed on 30th May, 2012 at New Delhi, India in English

For the Republic of India	Mala
For the Russian Federation	Chuter
For the Islamic Republic of Iran	Rezvani
For the Republic of Armenia (The final position of Armenia will be presented after consultations.)	
For the Republic of Azerbaijan	B. Hacimov
For the Republic of Belarus	
For Georgia	
For the Republic of Kazakhstan	P. Kulybayev
For Kyrgyzstan	
For the Sultanate of Oman	20-5-2012
For Qatar	
For the Syrian Arab Republic	Riad Abbas
For Republic of Tajikistan	Paaliev

For the Republic of Turkey	
For Turkmenistan	
For Ukraine	
For Uzbekistan	