

## General Studies-2; Topic: Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests

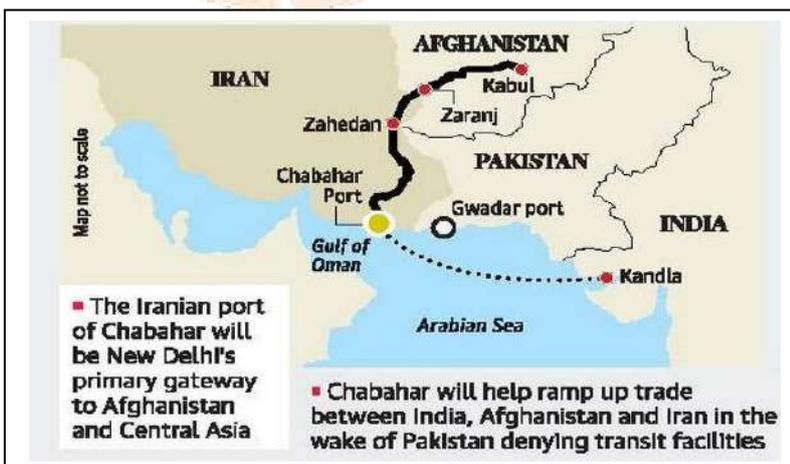
### Chabahar Port

#### 1) Introduction

- India and Iran's "civilizational ties" is the bedrock for the bilateral relationship
- The first phase of Chabahar port project was inaugurated recently.

#### 2) Timeline

- The New Delhi Declaration, 2003 between India and Iran focused on building transport corridors and deepening energy cooperation.
- India's ambition of reaching Afghanistan — since Pakistan had blocked land transit and access fuelled the need for developing Chabahar port.
- The project timeline was undone because of India's growing ties with the US administration under President George W. Bush.
- The project gathered momentum in 2015 as the Iran-P-5+1 talks bore fruition and geopolitics took a new direction.
- In 2016 trilateral agreement between India, Iran and Afghanistan was signed towards developing the project.
- Iran President Rouhani even called for the day to be celebrated as "the Day of Chabahar", which brought spring to the three countries.
- In 2017 the new US administration's attitude towards Iran has complicated the matter.
- India, Iran and Afghanistan have signed an agreement to grant preferential treatment and tariff reductions at Chabahar to Indian goods headed toward Central Asia and Afghanistan.



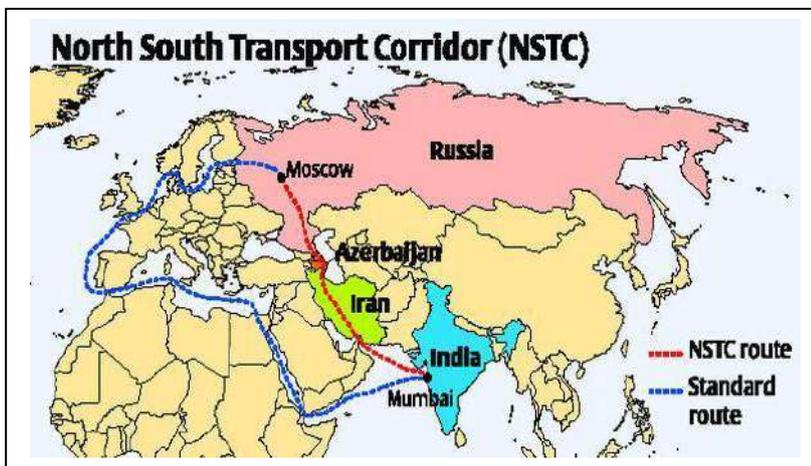
#### 3) Strategic Significance

- Chabahar, which is located 72 kilometres west of Pakistan's Gwadar port, holds immense strategic and economic significance for India
  - India has spent about US\$ 100 million to construct a 218 km-long road from Delaram to Zaranj to link up with Chabahar Port.
  - It acts as a viable gateway to Afghanistan and Central Asia.
- It is also key to accessing the Central Asian markets for Indian goods.
- It would provide a major impetus to Afghanistan's economic reconstruction efforts.
- Many believe that the Chabahar project is to counter China's development of the Gwadar port in Pakistan and China's Belt and Road Initiative (BRI).
- The port would reinforce mutual and regional cooperation between Iran and India.
- It also shows the importance of the port in the development of the region and the routes that connect Central Asian states
- The port will increase the capacity of loading and unloading of ships as well as the employment rate

- INSTC and Chabahar Port will complement each other for optimising Indian connectivity with Russia and Eurasia.
- According to some estimates, the Chabahar route plus INSTC could boost trade to a total of US\$ 170 billion from India to Eurasia.

#### 4) International North South Transport Corridor (INSTC)

- The INSTC was initiated in 2000 by Russia, India and Iran.
- It is a multi-modal transportation route linking the Indian Ocean and the Persian Gulf to the Caspian Sea via Iran, and onward to northern Europe via St Petersburg in Russia.
- **INSTC envisages the movement of goods**
  - a. From Mumbai to Bandar Abbas in Iran, by sea
  - b. From Bandar Abbas to Bandar-e-Anzali, an Iranian port on the Caspian Sea, by road
  - c. From Bandar-e-Anzali to Astrakhan, a Caspian port in the Russian Federation, by ship
  - d. Thereafter into the Russian Federation and further into Europe by Russian Railways.



#### 5) Concerns / Challenges

- Chabahar is a Special Economic Zone (SEZ) and not an exclusive project handed over to India
  - Whereas Beijing has already got full control of Gwadar
  - China has already activated a \$10 billion credit line to Tehran, with another \$15 billion close to fulfilment
  - Chabahar and Gwadar even have a sister-cities agreement,

promoting trade and people-to-people ties

- India's fears stem from the possibility of Chinese naval presence in the near future in Gwadar
- Analysts believe that for the protection of this vast investment will lead China to increase its military footprint in the seas around South Asia.
- US imposing sanctions on Iran for its suspect nuclear energy programme might affect Japan, South Korea and other countries interest in developing and investing in Chabahar.

#### 6) India's Future Plans

- India has committed \$500 million to Chabahar, with an aim to reach the resource-rich regional countries.
- India, Iran and Afghanistan are committed to developing the port into a massive project that can handle a cargo of 80 million tonnes
- To make it a commercially and strategically viable option, Indian policymakers will have to use the Chabahar project as a lynchpin to integrate it with INSTC.

#### 7) Conclusion

- "Chabahar" literally means a place where all four seasons of the year are like spring. For Delhi's economic and strategic reach, it's time to make that a reality now.