

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

Importance of Chabahar Port for India

1) Introduction

- Indian firm India Ports Global Limited took over operations at the Shaheed Behesti port in Chabahar.
- The representatives of India, Iran and Afghanistan met and finalised the routes for trade and transit corridors between the three countries.
- An event has been planned on February 26, 2019 to promote and popularise the potential of Chabahar.

2) Significance

- Chabahar, which is located 72 kilometres west of Pakistan's Gwadar port, holds immense strategic and economic significance for India.
- Chabahar is turning out to be a success story in the India-Iran relationship.
- The port project is the first overseas venture for an Indian state-owned port.
- The Indian takeover of the operations in Chabahar follows re-imposition of sanctions on Iran by the US.
- The US recognised the importance of Chabahar and exempted Indian firms involved in the port from sanctions.
- India was also one of the eight countries to receive temporary relief on oil imports from Iran.
- Tehran should acknowledge that it was India's participation that has earned Chabahar this relief.
- It is also a counter to the China-Pakistan Economic Corridor (CPEC).
- Chabahar port is critical to Delhi's Eurasia strategy & connectivity initiatives in Indo-Pacific region.

3) Advantages

- Chabahar port opens up a permanent alternative route for trade with Afghanistan and Central Asia, given the hurdles in the direct route through Pakistan.
- The Chabahar port will also set up India's road access to four cities in Afghanistan
- It facilitates India's role in Afghanistan's development through infrastructure and education projects.
- It gives India's bilateral ties with Iran, a major oil supplier and potential trade market for India, a big fillip.
- The Chabahar port will cut transport costs/time for Indian goods by a third.
- Chabahar port will reduce Afghanistan's dependence on Karachi port and, hence, will translate to less Pakistani leverage over Kabul.
- Chabahar also provides a link to the planned International North-South Transport Corridor.
- This way it also loops in Russia and countries in Central Asia and Europe as beneficiaries.
- According to some estimates, the Chabahar route plus INSTC could boost trade to a total of US\$ 170 billion from India to Eurasia.
- Chabahar is a rare example of a project in the region which is a win-win for all stakeholders.

4) Concerns / Challenges

- The Chabahar port has received a waiver from the U.S. sanctions on Iran for the moment, but these concessions could be withdrawn any time.

- The possibility of the withdrawal of U.S. troops from Afghanistan, will add to security concerns for Afghanistan and impact on the Chabahar route as well.
- The reconciliation process with the Afghan Taliban is likely to see the regional powers, the U.S. and Russia engaging Pakistan more.
- This could give Islamabad space to play spoiler in Chabahar, which is seen as a rival port to Pakistan’s Gwadar.
- Special cargo corridors have been opened with China, Kazakhstan, Turkey, Europe, Russia, the UAE, and Saudi Arabia, with more trade diverted through them by Afghanistan.
- India’s fears stem from the possibility of Chinese naval presence in the near future in Gwadar.
- US imposing sanctions on Iran might affect Japan, South Korea and other countries interest in developing and investing in Chabahar.

5) Way Forward

- It will be important to operationalise the port quickly and smoothen the route to Afghanistan.
- Keeping timelines and delivery of New Delhi’s commitments will be key to the port becoming a regional hub for transit trade, steel and petrochemicals.
- It will be necessary to encourage Afghan companies to use the route more.

6) Conclusion

- With Chabahar, India has done well to keep a place in the intricate connectivity network of the region.
- Given all the competing interests over Chabahar, it will require sustained and nuanced diplomacy to stay ahead in this game.

