

THE CHABAHAR PORT India's Economic Interest

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BACKGROUND

South-east of Iran on the shore of gulf of Oman in Baluchistan province the only Iranian port with direct access to ocean. Gateway to Afghanistan and beyond, including Russia and Europe the port translated as "four springs" described by medieval traveller Al Beruni as the entry point to Indian sub-continent. Kabul consider the port as its gateway to the world and subsequent economic prosperity in the absence of transit rights through Pakistan and for Iran this will be a gateway to Indian ocean region and benefit of a transit country. India and Iran have historically had a very good trade and cultural relations and until it faced United States sanctions, Iran was India's second largest crude oil supplier. The fact that the distance between Chabahar port and Kandala port (Gujarat) is 550 nautical miles and to Mumbai (Maharashtra) its 786 nautical miles which is less than the distance between Delhi and Mumbai. The importance of the port was seen by India in late 90's and India came with various agreement with Iran for development of the port. In 2003 the agreement between the two nations was close enough that the sanctions by United States encountered with Iran, due to Iran's nuclear development. India then left the agreement half way due to sanctions. It's the year 2015, the United States removed sanctions partly which India again came into agreement with the recent visit of Indian Prime Minister to Iran and promised to invest \$20 billion in developing the port and other industries in its sprawling free zone.

Importance of Chabahar for India:

India an emerging nation looking to secure its energy future and access to abundant and stable supply of crude oil and natural gas, and Iran has huge potential of both. Physically access to the Central Asian land locked countries has been an impediment to India's effort in increasing trade and development with the country. India has also developed the connectivity of the Chabahar port. The 220 km corridor of Zarang-Delaram highway in Afghanistan is invested by India which connects Khandar-Herat highway. Iran claims of already construction of Chabahar to Afghan border, where it intersects the Zerang- Delaram highway and from where the part in the country is easily carried. India needs to export the Iran ore extracts from mines in central Afghanistan, for which it needs a convenient and accessible port. Possibly build the 900 km railway route from Haijak-Bamayan to Chabahar port. India is also interested in connecting Chabahar-Faraj Bam railway. From here, India will be able to reach four important cities of Afghanistan i:e Herat, Khandar, Mazar-e-Sharif and Istanbul. Iran is the crossroad of some internal transport corridor, such as north south corridor, the east west corridor (silk route), the transport corridor Europe-Caucase-Asia (TRACECA) programme, the Asia land transport infrastructure development (ALTID) and South Asia.



Iran also signed an MOU with Afghanistan and Tajikistan on the construction of railway route, along with water pipeline and is also interested to enter to enter the Khavaf-Herat railway line to be connected with the railway of Central Asia, Turkey and Europe. Iran has also agreed to finance the Iran-Afghanistan-Tajikistan-Kirgizstan-China route project. India already used the port before, in September 2013, India received its first batch of commodities containing 20- container of dry fruits from Afghanistan through Chabahar. Few months earlier India first time used the port and transported 100000 metric ton of wheat to Afghanistan as part of its humanitarian aid. In 2012, two teams of experts constituted by Indian port association, visited Chabahar to identify the scope for investment. The team claimed that 20% of the work in the first phase has been completed by Iran. With India's invested in Chabahar and Chinese in Gwadar port (Pakistan), seeing a strategic convergence, Japan came forward to join hand with India in Chabahar project as it allows the landlocked countries of Central Asia to find a route away to ocean that enjoy Chinese domination like Gwadar. The president of Kyrgyzstan and Turkmenistan during their visits to Delhi was also promised access to their warm water port. This will boost the economy of land locked countries of Central Asia which also helps bonding the relation in other economic dimensions. From all degree the Iranian port, located in the Oman Sea is far away from the turbulence of the Persian sea region, has the potential to reorder old routes into new tides. What makes Chabahar port strategically important for India is that its located just 70 km (app.) from Gwadar port (Pakistan). Given that the Chinese presence in Gwadar port will be keeping an eye on maritime moment in the gulf of Oman region

and India, the Chabahar port will serve as an inevitable outpost for India to keep an eye on Chinese-Pakistan maritime movement as counter Chinese influences in the region. Between Gwadar and Chabahar the later is of great strategically important. Since its located on the mouth of the gulf of Oman and strait of Hormuz, where Iran exerts its naval influence. Chabahar is better positioned to offer access to Central Asia than Gwadar, since the terrain through Afghanistan and onto central Asia is topographically challenging, beside political instability through the Pakistan-Afghanistan border. It's also important because Pakistan refused to provide a land route to India for trade with Afghanistan via Wagah border in Punjab. Comparing Chabahar with Gwadar port the earlier has great importance geographically as well technically. Chabahar has its own human resource training university called Chabahar maritime university with all possible world class equipment and skill training. It has two separate ports named " Shaheed Kalantari" and " Shaheed Beheshti", each of which has five berth- overall 10 berths. The bilateral between the two nations gives the right to develop two berths of the Chabahar port as agreed in 2015, allowing them to be operated for 10 year by India Port Global, which is a joint venture between Jawaharlal Nehru port trust and Kandala port trust in partnership with Iran's Asia Bander. India agreed to open a \$500 million line of credit with Indian port global private limited taking the lead in construction of the port. The company is a joint venture between JNPT; which owns 60% and Kandala port which owns the remaining 40% of stakes.



Historically Afghanistan is been dependent on Pakistan territory for access to waterway. By the trilateral agreement between the three nations (India-Iran-Afghanistan) of building the port and corridor up to internal Afghanistan reduces the monopoly of Pakistan in Afghanistan marine economic affair. Chabahar provide India the best alternative for entering into Iranian and Afghanistan market.

Possible challenges to be faced

Needless to say, this development will not please anyone in Beijing, Islamabad, Riyadh and many Arab nations. Most of the Arab nations are not optimistic with the development of his agreement with the Persian nation. The conflict between the Persian and Arab nations was rooted back in the history. There are regional, cultural, religious factors among the nations which makes the region more instable. Pakistan on the other hand is also not pleased with the development of the agreement as Pakistan did not want India entering into Afghanistan and other Central Asian Countries. Situated 72 km west toward Pakistan, entirely funded Gwadar port developing by china and promised to put 46 billion US dollar, the 2400 km long china, Pakistan economic corridor (CPEC) to Kashgar in Xinjiang province blocked Indians ambition to revive its ancient trade route to the Central Asia. The prevailing insecurity in the region is one of the biggest challenges for India as well as Iran and Afghanistan. The Chabahar port is located in the Sistan-Baluch province of Iran bordering Pakistan having the maximum population of Sunni Muslims. Where Sunni-Baluch insurgency poses a threat to the Iranian regime. Various attacks have been carried out in past by the extremist groups in Chabahar. Harakat Anssar Iran (HAI), which claimed responsibility for the attack carried out on the Chabahar port in July 2013, declared the attack were meant to harm Iran's economic interest.

In 2011 it's reported that Zaranj-Delaram highway has come under the control of Taliban insurgent. In September 2013, the Afghanistan chamber of commerce and industries also expressed concerns about the security on the Zaranj-Delaram and Kabul-Kandahar highway, claiming that the improper security situation and the commercial transport between Chabahar and other major cities of Afghanistan. The Taliban, before and after United States occupation carried out several attacks on Afghanistan and Indians. The 1999 hijacking of Indian airline along with passengers, attack on Indian afghan embassy and several attacks on Indian worker constructing Zaranj highway. In this aspect India have to secure itself in order to develop international economic platform. Sanction is another most challenging task for India and other private investors. Iran and many international community's particularly the united states were not on the same wave length after the 1979 of the Islamic revolution and the relation soured with Iran's nuclear programme development in 2003. Iran was under United States sanction after 1979 and sanction eased in 2015 by the United States, European Union and many other countries. If Iran would not stop the nuclear development programme there is a possibility of Iran again trapped in international embargo. This will directly affect the investors. To attract investors Iran should assure the security and safety of Chabahar port from terror attacks as well it should win the trust of investors for economic development so that various investors again turn to invest in Chabahar port.

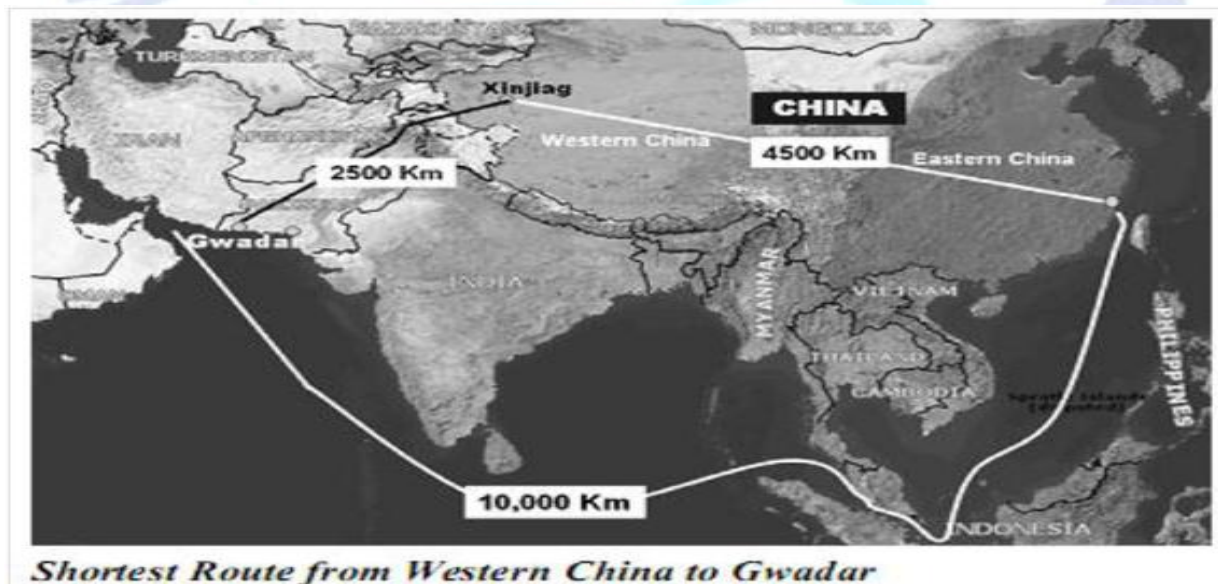
Balancing the international politics:**THE UNITED STATES**

With the growing India US relation, both the countries didn't want to deteriorate their relation by engaging in such a deal. India foresighted the deal accordingly. We can say this way also that sanction was never applied to the Chabahar port. United States always wanted the international bodies to not trade with Iran. But if this deal would help in stabilizing and development of Afghanistan then it would be in the interest of the United States to encourage it. However sanction could be applied to Chabahar in those areas where Afghanistan would not include like Farazd B and south pars natural gas field.

So as India involved in only those projects which Afghanistan is also involved, till then United States and India's relation will not affect rather United States will encourage the deal which will be in the interest of Afghanistan.

CHINA

Chinas international policy is mostly neutral. It has a favourable relation with most of the West Asian nations and Central Asian countries. China was also interested in investing in Chabahar port and offered continuously to invest and expand the port. In 2012 china was Iran's largest trading partner with estimated of 37 billion US dollar. China is also interested in penetrating the Central Asian market. Now china building the Gwadar port in Pakistan the maritime travelling and cost of China's is less by app. 60%. Now with the development of the Gwadar port china can easily sail in Indian Ocean through which Europe with the help of Pakistan.



China is also building the transit corridor which will improve Pakistan- China connectivity with the Central Asian and West Asian countries and also provide another outlet to sea for the landlocked countries via Pakistan by passing both Iran and Afghanistan. Gwadar port could thus potentially

challenge India's intention. For the land locked nations building the port by two developing nations is very beneficial also as both are entering into their market and they can also access both the route. An alternative to sail in the Indian Ocean is also there. By connecting the corridor through Russia and Europe the land locked countries will emerge in the near future.

CONCLUSION

India's investment in Chabahar port is an important strategic move which will boost the economy as well as the international relations with the Central Asian and West Asian countries. With the development of the port India can easily penetrate into Central Asian market and up to Europe and also easily access the international corridor and can travel north to south. Chabahar will help India in decreasing the cost and time by 50%. India once the second largest oil importer from Iran again showed a positive attitude toward Iran which helps both the countries in future agreement. There are various challenges to be carried off by both the nations. India should also consider the United States and other nations not to sour its relation with them by trading with Iran. There seems very positive development with this agreement and investment. India will definitely benefit with the development of this port economically as well as politically.

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