



Iranian flags flutter during an inauguration ceremony for new equipment and infrastructure on February 25, 2019, at the Shahid Beheshti Port in the southeastern Iranian coastal city of Chabahar.
● AFP

Over the past six years, Chabahar Port has seen significant activity, managing over 90,000 vessels transporting more than 8.4 million tons of cargo. Additionally, India has utilized this port to deliver 2.5 million tons of wheat and 2,000 tons of pulses to Afghanistan.

Chabahar access: geopolitical dynamics

Chabahar is a deep-water port located in Iran's Sistan and Baluchistan province. It is the Iranian port nearest to India and is situated directly on the open sea, allowing large cargo ships to access it easily and securely. The Chabahar project includes two separate ports — Shahid Beheshti and Shahid Kalantari. India's investment is focused specifically on the Shahid Beheshti Port.



A truck transporting cargo from Afghanistan to be exported to India is seen at Shahid Beheshti Port in the southeastern Iranian coastal city of Chabahar, on the Gulf of Oman, on February 25, 2019.
● ATTA KENARE/AFP

Chabahar's strategic position, situated west of Iran's border with Pakistan and near the rival Gwadar port, enhances its appeal to India. Chabahar Port is significantly close to Gujarat on India's west coast and is only 768 nautical miles from Mumbai.

During the 2016 agreement signing in Tehran, Union Transport Minister Nitin Gadkari highlighted, "The distance from Kandla, in Gujarat, to Chabahar Port is even shorter than the distance from New Delhi to Mumbai."

Additionally, Gwadar Port, in Pakistan, which has seen significant Chinese investment, is located just 170 kilometres east of Chabahar. This port also serves as the starting point for the China-Pakistan Economic Corridor (CPEC).

The significance of Chabahar Port increased after China began developing Pakistan's Gwadar

Port in 2002 as part of its 'Belt and Road Initiative', further cementing a partnership between both countries to establish a deep-sea port at Gwadar.

Chabahar Port offers India a direct sea-to-land route to Afghanistan and Central Asia, avoiding Pakistan. This route facilitates India's ability to participate in trade and development initiatives in these areas, boosting regional connectivity and extending its influence. India depends heavily on the Strait of Hormuz for its trade with Central Asia and Afghanistan. However, tensions in that region could disrupt this route. Chabahar Port offers India an alternative trade pathway, ensuring that, even if issues arise in the Strait of Hormuz, India can continue its trade activities safely. Thus, Chabahar Port

enhances India's trade security by providing additional options.

Chabahar is included in the planned International North-South Transport Corridor (INSTC), a diverse transport route that connects the Indian Ocean and the Persian Gulf to the Caspian Sea through Iran. From there, it extends to northern Europe via Saint Petersburg, in Russia.

Consequently, Chabahar Port is viewed as a key access point that could enhance India's trade opportunities with Europe by offering a quicker route. According to industry estimates, shipping via the INSTC route could reduce transit time by 15 days compared to the traditional Suez Canal route.

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Workers watch a ship as it sails during an inauguration ceremony of new equipment and infrastructure at Shahid Beheshti Port, Chabahar, Iran, on February 25, 2019.
● ATTA KENARE/AFP

Does India risk US sanctions over Iran's Chabahar port deal?



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PERSPECTIVE

India has signed a 10-year agreement to develop and operate Iran's strategic Chabahar Port as New Delhi aims to boost trade ties with landlocked Afghanistan and Central Asian countries, bypassing ports in its western neighbour and arch-foe Pakistan. "It [the port] serves as a vital trade artery connecting India with Afghanistan and Central Asian Countries," India's Shipping Minister Sarbananda Sonowal said, as New Delhi attempts to strengthen ties with an important Middle Eastern nation. But the deal has prompted a thinly veiled threat of sanctions from the United States, with whom India has developed close economic and military ties in recent decades.

"Any entity, anyone considering business deals with Iran, they need to be aware of the potential risk that they are opening themselves up to and the potential risk of sanctions," US State Department spokesman Vedant Patel told reporters.

Indian authorities, however, have downplayed the tensions, with Foreign Minister Subrahmanyam Jaishankar telling reporters on Wednesday that New Delhi would "communicate the benefits" of the deal to the US and urge countries not to "take a narrow view of it".

Here's why the port deal matters, what the sanctions threat is all about, and what we should expect:

What's Chabahar port deal about?

India Port Global Limited (IPGL) and the Ports and Maritime Organization (PMO) of Iran signed the long-term deal, which will allow New Delhi to upgrade and operate one terminal at Chabahar port over 10 years.

Located in southeastern Sistan and Baluchestan Province and perched on the Gulf of Oman, Chabahar Port consists of two separate ports — Shahid Kalantari and Shahid Beheshti. India will operate a terminal in Shahid Beheshti, and as per Monday's agreement, invest \$120m into equipping it. An additional \$250m loan credit facility for related projects in the port brings the contract's value to \$370m.

The two countries first started talks on the project back in 2003 but a barrage of US sanctions targeting Iran prevented any real developments. Tehran and New Delhi revived the talks again after Washington eased sanctions under the 2015 Iran nuclear deal.

The two countries, along with Afghanistan, which was seeking alternative routes away from Pakistan, signed a tripartite agreement to develop the port during Indian Prime Minister Narendra Modi's 2016 Iran visit.

Back then, New Delhi pledged to invest \$500m to reconstruct a 600-metre (1969-feet) long container handling facility as part of its efforts to develop the deep-sea port as a transit hub. Chabahar is located about 140km (87 miles) west of Pakistan's Gwadar Port, which has been developed as part of China's Belt and Road Initiative (BRI).

In December 2017, the first shipment of Indian wheat to Afghanistan passed through Chabahar providing an alternative to land route passing through Pakistan.

In 2018, former US President Donald Trump withdrew from the nuclear deal and reintroduced "maximum pressure" sanctions on Tehran, which limited operations at the Chabahar Port.

Why is Chabahar significant?

India, with its booming \$600bn manufacturing industry, has ambitions to trade more closely with its inland neighbours to the west, but hostile relations with Pakistan mean a land route for exports is a difficult proposition.

With the Chabahar Port, India avoids dealings with Pakistan and can transport goods first to Iran, and then onwards via rail or road networks to Afghanistan and resource-rich landlocked countries like Uzbekistan and Kazakhstan. One Indian official has even mentioned reaching as far inland as Russia.



Harbor security stands guard during an inauguration ceremony of new equipment and infrastructure at Shahid Beheshti Port in the southeastern Iranian coastal city of Chabahar, on February 25, 2019.
● ATTA KENARE/AFP

For India, Chabahar is "one of the centrepieces of its neighbourhood policies" — a sort of golden gate to more investment opportunities in West and Central Asia — said Kabir Taneja, a fellow at the New Delhi-based Observer Research Foundation think tank.

"The port already forms a key part of the region's ongoing International North-South Trade Corridor (INSTC) project that aims to connect big cities like the Indian financial hub of Mumbai and Baku, the capital of Azerbaijan, via Iran over a patchwork of ship, road, and rail routes," Taneja added. The INSTC, which offers India a cheaper and faster route to trade with Central Asia, has also been impacted by US sanctions on Russia and Iran.

Some analysts say the Chabahar deal is additionally a bulwark against rival China's dealings with Pakistan. Just four hours east of the Chabahar Port is Pakistan's Gwadar Port which is partly controlled by Chinese developers who have pumped some \$1.62bn into upgrading it since 2015.

India and China have troubled relations and, in recent years, have had a series of border clashes.

Can US sanction India over the deal?

The US has imposed limited sanctions on India's science establishment twice in the past — in 1974 and 1998 — after New Delhi carried out nuclear tests.

But since the end of the Cold War, India and the US have strengthened relations significantly, and today count each other as among the closest of strategic partners. Even though India officially does not recognise any sanctions imposed on nations unless they have been approved by the United Nations, it has played along, for the most part, with US-led sanctions against Iran.

Until a few years ago, India counted Iran among its top oil suppliers. However, since 2018, when then-US President Donald Trump pulled out of the Iran nuclear deal and reimposed tough sanctions on Tehran, India has voided buying any Iranian oil.

Yet, back in 2018, New Delhi successfully lobbied Washington to secure specific exemptions to the sanctions related to Chabahar because of the promise that the transit route could help Afghanistan, a key security interest for the US at the time. An under-construction railway link connecting the Chabahar Port to Afghan-

istan was also exempt from the sanctions. But India's friendship with Iran now, when Tehran's backing of Palestinian armed group Hamas in Gaza has invited even more US sanctions, puts New Delhi in a tight spot. Afghanistan has also ceased to be a key interest for the US since it pulled out of the country in 2021, some analysts point out.

Still, experts do not anticipate sweeping sanctions against India.

"Sanctioning the Indian economy on such a minor issue is highly unlikely," said Gulshan Sachdeva of New Delhi's Jawaharlal Nehru University. "In the worst-case scenario, only entities involved in the Chabahar Port deal may come under some sanctions," he told Al Jazeera.

What would US sanctions on India mean?

India is one of the world's fastest-growing economies, but any US sanctions on the country will likely be contained and will not affect global trade, analysts say.

US sanctions on Iran have already hit India hard before. The Chabahar Port exemptions under Trump did not extend to infrastructure initiatives that would have allowed India to connect up with Central Asian nations located further inland, for instance, hampering India's ambitions. India's decision to avoid buying Iranian oil to avoid the risk of US sanctions has also left it more vulnerable to price pressures from other suppliers.

But if the US does try to play tough over Chabahar, some analysts believe that India will push back harder than it has in the past.

"Chabahar is more important, and New Delhi is willing to work to keep it alive for the long run," said analyst Taneja.

If India pushes ahead despite a real threat of US sanctions, that would be a signal to Washington, said Sarang Shidore, director of the Global South Program at the Quincy Institute for Responsible Statecraft, a Washington-based think tank.

"Global South states will continue to pursue their own interests despite Washington's preferences to make them align with its strategic objectives," he said.

"Washington ought to re-evaluate its policies that force choices on the Global South that can alienate them and limit US opportunities in this vast, largely unaligned space."

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