

Big blow for India?

How Trump’s killing of Chabahar port waiver will hit Delhi




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The Donald Trump-led US has announced it will revoke the waiver of sanctions granted to India on Iran’s Chabahar port, ending the special exemption granted to India in 2018 during the president’s first tenure. The US had exempted India from its sanctions, enabling it to freely operate and develop a trade terminal in the port city on Iran’s Makoran coast. The move, aligned with the Trump administration’s policy to impose “maximum pressure on Iran,” could disrupt New Delhi’s strategic and economic ambitions in West and Central Asia. Just 550 nautical miles (roughly 1,000 km) from Gujarat’s Kandla port, Chabahar offers India easy access to Afghanistan, Central Asia, and Europe, bypassing Pakistan. India has invested heavily in the project since 2016, spending nearly half of its allocated Rs 400 crore. Traffic through the port has been steadily rising, and government officials and experts had hoped its full operationalisation would significantly boost trade, revenues, and Delhi’s strategic imprint. Ironically, Trump’s move will be rewarding China at India’s expense, at a time when Delhi and D.C. are involved

in a trade tussle, said Geopolitical expert Brahma Chellaney. American foreign policy expert Michael Kugelman said the US move is “a strategic blow to India. Chabahar is a major part of India’s connectivity goals.” US Secretary of State Marco Rubio on Thursday said the exceptions would lapse on September 29. The move has exposed Indian operators at Chabar’s Shahid Beheshti terminal to punitive action by revoking the Iran Freedom and Counter-Proliferation Act (IFCA), meant for the economic reconstruction of Afghanistan. The decision is part of the Trump administration’s renewed “maximum pressure” campaign against Iran, under which Washington, D.C., has also designated several entities linked to Tehran’s oil trade.

Why Chabahar matters to India
For New Delhi, the timing is seemingly troubling. The move comes barely a year after India signed a landmark 10-year agreement with Iran to develop and run the Shahid Beheshti terminal, the first full-scale overseas port managed by India. The move now threatens not only India’s \$500 million investment but also its long-term connectivity blueprint, which hinges on bypassing Pakistan and tapping into Central Asia’s markets. India’s interest in Chabahar dates back

to 2003, when it offered to develop the port as a counter to Pakistan’s Gwadar port being built with Chinese assistance under Beijing’s Belt and Road Initiative. But bureaucratic delays and international sanctions on Iran meant progress was slow. A breakthrough came in 2015–16, when Prime Minister Narendra Modi pledged \$500 million for the project and signed a trilateral agreement with then-Iranian president Hassan Rouhani and Afghanistan’s Ashraf Ghani to build a multi-modal transport and transit corridor from India’s west coast to Kabul, via Chabahar. Chabahar’s development gathered pace in 2017, with the inauguration of the Shahid Beheshti terminal, where India concentrated its investment. Soon after, New Delhi used the port to ship wheat to Afghanistan. The route was of much value as it was an alternative to Pakistan-controlled routes. In 2018, Iran leased operational control to India for 18 months, paving the way for the long-term contract finally inked in 2024. The deal gave India a decade-long stake in the port, renewable upon expiry. After the completion of the fourth phase of development, the Chabahar port could handle 82 million tons of cargo per year with 32 jetties (16 multi-purpose, 10 containers, 3 each oil and dry bulk). The port is of a lot of importance to India as from Chabahar, the highway leads via Zaranj and Delaram into Afghani-



Indian Prime Minister Narendra Modi (L) and US President Donald Trump
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The heads of the Indian, Iranian, and Afghan delegations jointly inaugurate the office of the Indian SPV – India Ports Global Chabahar Free Zone (IPGCFZ) at Iran’s southeastern port of Chabahar on December 24, 2018, during the Chabahar Trilateral Agreement meeting.
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stan. The India-built 218-km stretch of the road, which opens the way to Afghanistan’s main cities, like Herat, Kandahar, Kabul, and Mazar-e-Sharif, is a major trade route. From Afghanistan, various routes would then connect to the five Central Asian nations. In simple terms, the port and this road gave India a direct gateway into Afghanistan and, further ahead, into Central Asia, without depending on Pakistan. India mainly exports machinery, rice, and pharmaceuticals and imports crude oil, petrochemicals, and minerals from the former Soviet region.

Chabahar strategic, economic lifeline

Chabahar, meaning “four springs” in Persian, is a deep-water port in Iran’s Sistan and Baluchistan Province. Located outside the congested Strait of Hormuz, it provides reliable access for large cargo ships. Its potential goes far beyond India-Iran trade. Chabahar is also tied to the International North-South Transport Corridor (INSTC), a multimodal network connecting the Indian Ocean and Persian Gulf to the Caspian Sea and further to Northern Europe via Russia. Industry estimates suggest that shipments through this corridor could save nearly 15 days compared to the Suez Canal route. But the INSTC, launched in 2000 by India, Iran, and Russia, has seen slow progress. The Chabahar port’s proximity to Gujarat and Maharashtra makes it easily accessible for Indian exporters. As Union Minister Nitin Gadkari once pointed out, “The distance between Kandla and Chabahar is less than that between Mumbai and Delhi”. Strategically, Chabahar could be India’s answer to China’s growing influence through BRI. Beijing’s development of Gwadar in Pakistan, along with port facilities in Sri Lanka, Bangladesh, and Myanmar — also dubbed “String of Pearls” — has long worried India. Chabahar offered a counterbalance, allowing New Delhi to establish a foothold in the Persian Gulf and keep a tap on Chinese activities too. The US sanctions risk undoing years of Indian diplomacy with Iran, Afghanistan, and other partners. Without the waiver, the port’s planned expansion would significantly slow down. Geopolitical expert Brahma Chellaney summed up the stakes in a post on X: “Not content with slapping 50% tariffs on Indian goods, [the Trump administration] has now taken an India-specific punitive step by revoking the 2018 sanctions exemption for Iran’s Chabahar Port, operated by India. By killing the exemption effective September 29, Trump is threatening sanctions on Indian state-run firms at Chabahar — punishing India for building a counterweight to China’s influence”. The irony, Chellaney noted, is that India had already complied with sanctions by halting oil imports from Iran, a move that ceded lucrative access to China. “Trump’s ‘maximum pressure’ has consistently meant maximum pay-off for Beijing, with India left to pay the price,” he said. Bengaluru-based strategic affairs columnist and podcaster SL Kanthan said, “The US threatens Indian companies with sanctions if they continue to work on the Chabahar port in Iran. This is precisely why India needs to embrace de-dollarisation and create separate financial channels — the number 1 requirement for sovereignty and independence”. For India, the challenge now is how to keep Chabahar afloat while avoiding a direct confrontation with Washington. With the latest sanctions, the fate of India’s most ambitious overseas port venture hangs in the balance.

The article first appeared on India Today.

