

# CHAHBHAR PORT: AN ANALYSIS

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**Abstract:** India and Iran are age old friends and witnessed the long cultural, social, economical, religious and political affinities. During the course of the time various initiatives were held by both the countries to cement their relations. Various factors hampered the relations of the two age old civilisations however both are willing to overhaul their relations in future. In the present paper an attempt has been made to analyse the demographical overview of the Chahbhar port and its significance to India. Chahbhar port is often designated as the 'Golden Gate' to the landlocked Commonwealth of Independent State countries and Afghanistan. From India's perspective the tactical importance of Chahbhar port is gigantic. Chahbhar port above and beyond giving access to the oil and gas wealth in Iran also provides doorway to India to the Central Asian Republic.

Index Terms: Civilisation, Gateway, Landlocked, Developing, Route.

The Iranian port of Chahbhar<sup>1</sup> (previously Bandar Bhehesti), is downrightly located at the south eastern Iran along the Makran coast in the Oman Sea in the Sisten and Baluchistan province of Iran. It is often designated as the 'Golden Gate' to the landlocked Commonwealth of Independent States (CIS) countries and Afghanistan. Chahbhar is Iran's closest and best access point to the Indian Ocean and which is also the only oceanic port of Iran. Being focal point Chahbhar is metaphorically development of the east of the country through expansion and enhancement of transit route among countries situated in the northern part of the Indian Ocean and Central Asia. A port outside the Persian Gulf makes sense from a strategic and logistic viewpoint for Iran. The port of Chahbhar was part of plan to develop transportation infrastructure in Eastern Iran for many years. Initially put on hold in 1984, it revived in 2002 with Indian help, not only limited to financing and engineering assistance. India also wished to bypass Pakistan, by cooperating on a highway system that lead from the port into Afghanistan over and above a planed railroad to Afghanistan. Iranian officials state that Chahbhar will become the port for trade with Afghanistan and Central Asia evermore.

Of late, India had decided to invest a \$100 billion US dollar in developing Chahbhar port which is contemplated strategically and economically of note for country's exports to landlocked Afghanistan. India, Iran and Afghanistan have a concurrence on privileged treatment and low tariffs for good moved through Chahbhar port, which also has a free trade and industrial zone in its environs. Between India and Afghanistan, Pakistan is a major actor in the region who has an unreceptive relation with India. Pakistan is the key land route from India to Afghanistan and other Common Wealth of Independent States. Pakistan is ad infinitum denying India's transit access to war torn Afghanistan where India is undergoing more than a few development projects. A large number of Indian personals are working in an assortment of infrastructural and reconstruction developments in Afghanistan. Along with workers many Indian personals are engaged in training programmes for Afghan security forces. This humanitarian assistance from the part of India is going to inflate with the withdrawal of NATO forces from Afghanistan in 2014. India is serious on this issue. The peace in Afghanistan will determine on the future peace and stability in the region. Once Afghanistan gets into the hands of terrorist groups, it will pose a serious challenge to India and amplify terrorist insurgency in Jammu and Kashmir. The recent militant attacks in Jammu and Kashmir are an example for it. For that reason, an undisturbed and unwavering Afghanistan is of the essence for Indian national security. This would indubitably give explanation for India's positive engagement in Afghanistan.<sup>2</sup>

India has to branch out its transit access to Afghanistan apart from the traditional route through Pakistan. Pakistan had signed a trade and transit agreement with Afghanistan in 2010, allowing Kabul to transport goods to Pakistan ports and also to Indian border. But India cannot utilize those arrangements for transporting its cargo to Afghanistan since Pakistan continues to be vehemently opposed to any Indian role in the war torn country. So India must go for alternate routes and Chahbhar port in southeast Iran is the best option.

Apart from the development backing in Chahbhar along with Iranian government, India is betrothed in several other projects. It works in the development of transit routes from Chahbhar port to Afghanistan. The recent achievement of Zaranj-Delaram highway in Afghanistan is being built with Indian assistance and this connects Afghanistan to Iranian border. Iran also completed a insinuated road link from Chahbhar port to Milak borders in Afghanistan. These connecting routes endow with an easy access for India to the war torn Afghanistan, bypassing Pakistan.

India helped in building Chahbhar port a decade ago to endow with Iran access to Afghanistan and Central Asia which was banned by neighbouring nuclear Pakistan. India was also involved in construction a 560 Km long line from the Zabul iron ore mines in South Afghanistan to the Iranian port. Afghanistan has colossal mineral resources in which India has keen interest. It is guesstimated that Afghanistan has Iron and Steel Consortium has won the mining rights in the iron ore mines of Bamiyan. Indian companies are working hard to exploit the rich mineral deposit in north and central Afghanistan. All these mineral wealth can only be exploited by a doable transit route through Iran to India. Therefore, the Chahbhar port has

<sup>1</sup> Ibid, N119,p89

<sup>2</sup> Ibid, N119, P89

its significance in India's economic relation with Afghanistan and also for reconstruction developments in the war torn country particularly after the NATO forces withdrawal in 2014. And recently for the first time ever, Chahbhar port in Iran was used by India to transport 100000 metric tons of wheat to Afghanistan as part of its humanitarian aid to war torn country.

The strategic location to the North of Persian Gulf and South to Central Asia has placed it as an of note trade route between Asia and Europe. Even during the days of silk route itself, this was a major trading route between Asia and Europe. The Chahbhar port in Iran is spreading out the breathing or planned transportation infrastructure that leads into an assortment of economic centres and decisively for Central Asia, and headed for North. Iran's geostrategic position allows it to play an of note role in connecting India to Central Asia both militarily and strategically. Iran is the doorway for the five Central Asian States of Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan and Uzbekistan.

Iran and Chahbhar port as the major workable access to the energy rich Central Asia. Trade with Central Asia can convince India's budding energy needs and smooth the steps forward of economic growth and opulence. Presently the most major road routes running from Chahbhar to northern Iran to Uzbekistan is via Afghanistan's heart province to Tashkent and Tajikistan. With the completion of Kerman-Zahedan railway and its connection to Chahbhar port it is going to connect the port with the trans-Iranian railway which takes to Caspian Sea. And there are of note sea routes to Kazakhstan and Russia and other European countries. Apart from the insinuated railway line, there are many major land resources which connect Persian Gulf and Caspian Sea. India can make the most of these trade routes to boost its trade links with Eurasia.

In its place on depending on the Atlantic Ocean, India can now go for trade links with Europe especially Russia, Ukraine, Turkey, Georgia, Azerbaijan, Armenia etc. through Iran. The development of International North-South Corridor (INSC) is once more going to augment India's trading potentials through Chahbhar port. Thus India-Iran relations and India's strategic investment in Chahbhar port is a major game winning for India by increasing its economic, political, cultural and military influence in the region notwithstanding all the US imposed western sanctions over Iran.<sup>3</sup>

It is quite promising for India to give a new lease of life to the ancient trade routes between India and Europe in the present days. The Silk route which had trade links between India and Europe can be revived through India's trading through Chahbhar port and Central Asia. Before the coming of Europeans, this trading route was the high-flying and easiest way to connect to Europe. The European colonizers bulldozed the Arab trading routes and used Cape Town to reach Europe. With the European domination, the trade was dictated by the European powers for their own interests. Now in a face of independent world, each nation can choose their trade which will not be dictated by others. But instead are aimed at reciprocated benefits. Rebuilding the old trading routes can broaden trade and would bring freedom from strife and prosperity to Asia and Europe.<sup>4</sup>

In the face of India's strategic footholds in Chahbhar port, India is increasing its sway in Middle East. Of late the government of India has signed a defence cooperation pact with Qatar. Top officials labelled the agreement on joint training exercise, training of personals and maritime cooperation as just short of stationing troops. Under the agreement, New Delhi has committed to protect assets and interests of Qatar from external threats. This landmark agreement has enabled India with several premeditated advantages. With an active defense agreement with Qatar, India can swell its footholds in Qatar and also the surrounding Persian Gulf. Increasing nautical cooperation with Qatar has the potential for India to build Qatar into a listening post of Indian Naval force or a surveillance station in the Persian Gulf. With American naval fleet all over deployed in Persian Gulf and the large oil supply through the Strait of Hormunz makes region much more significant. India's interest in the region is to guarantee a sturdy supply of energy flow into the country which is of the essence for our economic development. This exacting design was employed by Britain all over the world to add to its trade and naval ascendancy.

In the interim, a port in Chahbhar is southeast Iran a defense cooperation agreement with Qatar is all part of India's grand design to raise its influence all over the Indian Ocean littorals and beyond. Thus India's increasing role in Middle East is based on India's wish for great power status and global power. But India is not the only country which is competing for the global power. China is the major forerunner in this competition. Chinese influence in the region is also strong. China is building a port in Pakistan, the Gwadar port. China has augmented its footholds in Middle East by constructing Gwadar port, which is 400 nautical miles from the Strait of Hormunz and also is an international transit route from Persian Gulf to India Ocean. This will allow China a strategic location on the sea lines of communication in which China is for ever and a day depended on. More than 70% of Chinese oil supply is stepping from Middle East. So China's increasing dependence on Indian Ocean and Malacca strait has placed China in a susceptible position. China had wished to get access to Indian Ocean through Gwadar in Pakistan and Kyaukpyu in Myanmar. Thus Gwadar endow with China an express access to Indian Ocean through Pakistan.

Thus tactical investment of China in Gwadar port is a peril to Indian investment in Chahbhar, which is just 76 Km far to West. The Gwadar port is both beneficial for Pakistan and China which trim down the overburden and congestion from the commercial, fishing and seafaring ships in Karachi port. To be sure any transportation or military problem in the Malacca strait, Strait of Hormunz, the Suez or anywhere along Asia's southern coastline will boost the importance of Central Asia as a transport and trade corridor. The mounting Chinese presence in Gwadar will be a menace to India and Gwadar port will be a hard-hitting competitor for Chahbhar port. As if rivalry augments it will not be a winner takes all outcomes but rather one port earning the greater share of trade. Both the Chahbhar and Gwadar will be advantageous for Central Asian States to

<sup>3</sup> [http://atimes.com/atimes/South\\_Asia/N112Dfol.html](http://atimes.com/atimes/South_Asia/N112Dfol.html)

<sup>4</sup> <http://www.google.co.in/#q=india+Iran+cooperation+in+central+Asia>.

pervade their import and export routes as logical economic and political step. In my perception it is likely the Chahbhar port to be the winner in the competition at least in the short run. Iran is more unwavering than Pakistan in its relation with Afghanistan and Central Asian States are better. Not likely the Gwadar port is in the tensed region in Baluchistan Province of Pakistan, the insinuated road route from Chahbhar port goes through somewhat stable part of Afghanistan. And now it will be the technological factors and capacity of the two ports which determine the winner in the competition.

To amplify the strategic profundity in the region, India has defense cooperation with Oman. Indian Navy force has been utilizing Oman's port on the basis for conducting anti-piracy operations in the Gulf of Aden. The Indian Air force has also been holding biannual joint exercise with Royal Air force of Oman since 2009. This endow with India with a strategic advantage over geo-strategic location of Oman in the mouth of Strait of Hormunz. With all these factors the Chahbhar port which is located in the Makran coast in the Oman Sea will facilitate Indian naval vessels to keep an eye on the Strait of Hormunz and the two ports in the north of Arabian Sea.<sup>5</sup>

As an all, India's defense cooperation with Oman and Qatar will make possible a momentous Indian military presence in either sides of Strait of Hormunz and potential means to guarantee the security of Chahbhar port and protection of our sea lines of Communication from Middle East. This will augment the trade traffic between India and Middle East and also ensure a solid supply of oil and other energy supplies to the country. The Kandla port and Jawaharlal Nehru port in the western coastline will be the most essential beneficiaries of Chahbhar port and India's positive engagements in Middle East. The Indian Navy Western Command in Arabian Sea will be accountable for the shield of India's strategic assets in Middle East.

The port of Chabahar offers some important incentives, which deserves some attention, and they include:<sup>6</sup>

- Foreign nationals can register and own companies with 100 per cent ownership, except for land, which can be leased on a long-term basis at low cost. All economic activities in the Free Zone are exempt from taxes for 20 years.
- Import of goods produced in the Free zone into the mainland is exempt from payment of all port customs duties to the added value thereof in the zone.
- Capital investment by foreign investor is guarantee and protected by the government.
- Repatriation of net profits, initial capital and capital and gains resulting from economic activities in the Free Zone is permitted.
- Foreign in nationals are not obliged to obtain a visa in advance for direct entry into the Free Zone. Employers can employ foreign nationals accounting for up to 10 per cent of their labour force.
- Rules and regulations in the zone conform to those of the World Trade Organisation (WTO) and therefore there is no clause for foreign investors to content and also no obligation exists regarding 'balance of trade.'
- Discount on terminal handling charges are up to 30 per cent, up to 10 percent on storage, open and roofed warehouses, hangar and containers terminals has paved the way for economic established to depot their commodities for re-export and distribution purpose.
- The Iranian government, under the auspices of the board of ministers and the ministry of economic affairs, has taken certain measures for the protection and guarantee of capital investment.
- Investors can submit their request for guarantee to the Free Zone authorities. After processing the request, the board of ministers will issue a permit for investment. The legal rights of investors and the permission for capital investment will then be issued by the board of ministers, thus ensuring guarantee and protection.
- Investors can choose to have their capital investment guarantee through the 'Foreign Investment, Economic and Technical Assistance of Iran' (OIETAI) of ministry of economic affairs.

### Significance of Chahbhar Port for India

From India's standpoint the strategic significance of Chahbhar port is enormous. Chahbhar port besides giving access to the oil and gas wealth in Iran also provides entrance to Central Asian Republic. India and Iran have already taken steps to ensure connectivity through several bilateral accords. An important initiative was setup by India and Iran in April 2008, when they inked an accord to construct a new rail link between Iran and Russia. The memorandum of understanding (MoU) was signed by the Indian Railway Board Chairman K.C. Jena, and managing director of Iran's Railway Company, Hassan Zaire. India offered assistance to Iran for the technical training of personnel, railroad signalling projects as well as the supply of locomotives and spare parts. It is widely argued that this is an elaboration of the North-South Corridor.<sup>7</sup>

The first meeting of the Joint Working Group on Railways was held in Tehran in May 2008 and identified special areas of cooperation, including supply of locomotives participation of Rail India Economic Services (RITES) and IRCON International Limited in electrification, signalling and development of dry port/inland container terminals.<sup>8</sup>

The trilateral agreement between the governments of India, Iran and Afghanistan to construct the Chahbhar route via Melak, Zaranj and Delram will also boost the regional trade and transit and thus contribute to regional economic prosperity. The

<sup>5</sup> <http://firstpost.com/fwire/india-oman-ink-pact-on-extending-military-co-operation-167802.html>.

<sup>6</sup> Ibid N120

<sup>7</sup> Atul Aneja, 'India to Partner Iran on Russian Rail Link', *The Hindu*, 16 April 2008,

<sup>8</sup> Meena Singh Roy and Ajey Lele, 'Engaging Iran in the New Strategic Environment: opportunities and Challenges for India', *Strategic Analysis*, Vol. 35(1), 2011, pp,88-105.

importance of this project was highlighted in July 2010 by India's foreign Secretary, who pointed out that Chabbhar project is:

*...at the heart of the common vision that India and Iran have for Afghanistan and the region as a whole, of increased and easier flow of goods, and creation of a network of transport routes and energy pipelines that will bring our people together in an arc of stability, prosperity and peace.<sup>9</sup>*



<sup>9</sup> <http://meaindia.nic.in/mystart.php?id=53011639>