

## INDIA IN CHABAHAR : AN ANALYSIS

Ivor Fernandes<sup>1</sup>

PM Mr. Narendra Modi has been visiting one or the other country almost every month for the last two years after assuming office at the Centre. At the last count, he has already touched 40 countries spread over five continents, some of which he had occasions to visit twice or more. But the two-day visit to Iran he undertook on May 22 and 23, 2016, proved to be a bit more significant in terms of concrete strategic achievements than all his previous foreign visits. The visit not only provides a significant boost to India-Iran ties, but also enhances India's strategic depth in the entire West Asia region. It is equally important to note that the time chosen for the PM's visit is also very significant since Iran is at a crucial juncture on its way to come out of the impacts it has suffered because of the international economic sanctions imposed by US-led group of nations after it signed the nuclear agreement with big five plus one countries of the world in 2015. The most significant of the 12 Memoranda of Understanding (MoU) and agreements signed during the PM's visit were the ones which relate to development and operation of the Chabahar port on Iran's southern coast.

In fact, on the concluding day of Mr. Modi's visit to Tehran, two agreements were signed with regard to the Chabahar port. The first one was the bilateral agreement between India and Iran for the development and the operation of the Chabahar port and the second one was the trilateral agreement between India, Iran and Afghanistan to develop a trilateral transport corridor project. Both of the agreements together have the potential to alter the geopolitical map of South and Central Asia, facilitating India's access to not only the landlocked Afghanistan, but also to the Central Asia bypassing the China-Pakistan arc. The bilateral agreement to develop Chabahar port was signed between India Ports Global Private Limited (IPGPL) and Iranian firm 'Arya Banader'.

The Chabahar port is situated at the Gulf of Hormuz area at the mouth of Gulf of Oman. It connects three strategically significant areas of Central Asia, south Asia and West Asia. It is a major junction of shipping and is located on the important oil trade route. Approximately 1,00,000 ships sail through the Chabahar port every year. The region holds two-thirds of world oil reserves and estimated 17 billion barrels of crude oil pass through this way daily. The contract also comes with specific timelines for its implementation. Both private and public entities have projected an investment potential worth \$22 billion (nearly Rs. 1.3 lakh crore) in Iran's Chabahar free trade zone area. Chemical, petrochemical, steel and fertilizer are some of the major sector, besides Indian Railways, that have huge potential for investments. In 2015 itself, the Union-Government had prepared a report on the "Port-led Industrialization and Opportunities in Chabahar" detailing the prospective projects. Union Surface Transport Minister Mr. Nitin Gadkari has already claimed that investment of over Rs. 1 Lakh crore can happen there.

The Trilateral Transport Corridor Project is also equally significant. The road, rail and port development projects, once implemented, will change the way India, Afghanistan and Iran do business. India and Afghanistan have failed to realize the full economic potential of their friendship owing to connectivity problems. The Pakistan link between India and landlocked Afghanistan has been an obstacle, given Islamabad's tense diplomatic ties with both New Delhi and Kabul, and sometimes with Tehran too. It is no secret that Pakistan wants to block any commerce or interaction between India and Afghanistan. Once Chabahar port is developed, Indian ships will get direct access to the Iranian coasts; a rail line to the Afghan border town of Zaranj will allow India a route around Pakistan. This will surely boost trade with Iran and Afghanistan. Besides, the free trade zone in the Chabahar area offers

Indian companies a new investment destination at a well-connected port city. The corridor will also benefit Afghanistan immensely. It will have unhindered access to the Indian Ocean. In addition, it will get a reliable, effective and more friendly route to trade with the rest of the world, as arc of economic benefit from this agreement would extend beyond the three nations. As a result, Afghanistan can hope to exploit \$1 trillion of untapped mineral wealth to earn revenue.<sup>2</sup>

From a strategic point of view, Chabahar is situated just 100 km from Pakistan's Gwadar port, the center piece of a \$46 billion economic corridor that China is building. Though the Indian investment in Chabahar, at \$500 million, does not match the scale of the Chinese project, the Chabahar port will act as a gateway for India to Central Asia, bypassing the China-Pakistan arc. While China has planned big infrastructure projects in the region as part of its Silk Route Economic Belt initiative, it is unlikely that India will have much access to these as China tilts to Pakistan on issues related to India. This is why the Chabahar could be conceived as a strategic response to the Gwadar and the build-up around it by the China-Pakistan axis. This is precisely why connectivity through Iran is absolutely crucial to India's strategic interests in the region and why the long-term potential of this connectivity is immense.

Chabahar can also be linked up to the International North-South Transport Corridor. A portion of this i.e. the Iran-Turkmenistan-Kazakhstan rail link, is already operational giving India access to the resource-rich Central-Asian Republics. In this regard, India has already built the Zaranj-Delaram road in Afghanistan and plans a railway link from Chabahar to Zahedan as a part of the regional transit corridor. In 2009, India built a 218 km long link road at a cost of \$100 million from Delaram in western Afghanistan to Zaranj on the Iran-Afghan border to link up with the Chabahar port. This highway connects with the 2200 km two-lane metalled road network, known as the Garland Road that connects major cities in the country. One of the main features of the Chabahar port route is that it not only helps India connect with the energy-rich Azerbaijan, Turkmenistan, and other central Asian nations, but is also 40% shorter, 30% less expensive than trade via the Red Sea-Suez Canal-Mediterranean route.<sup>3</sup>

The Chabahar project was conceived more than a decade ago. In fact, New Delhi and Tehran had agreed in 2003 itself to develop the port near the Iran-Pakistan border. But the project did not take off, mainly owing to international sanctions against Iran over its nuclear programme. Also, the UPA II government led by Dr. Manmohan Singh, showed delay in the proposed Chabahar project. Immediately after the NDA government took over the reins in New Delhi, Mr. Modi brought out the Chabahar project and even before the international economic sanctions against Iran were lifted, Mr. Gadkari was rushed to Tehran in 2015 itself to ink the Inter-Governmental MoU in order to get the project for the development of Chabahar port. Another reason for the Modi government's keenness to bag the project was that China was also leaving no stone unturned to avail itself of the opportunity to invest itself in the Chabahar port.

Only last month, a Chinese consortium visited the Chabahar free trade zone and expressed interest in developing the port and also building an industrial town there. The head of the Chinese consortium which visited Chabahar was quoted as having said that Chinese companies were eager to invest in the strategically located port. This followed the visit by Chinese President Xi Jinping to Iran in January 2016 when the two countries mentioned in their joint statement the development of ports as one of the areas where they could have tangible cooperation.

India's desperation to seal the contract, in fact, also stemmed from Iran's own conduct in the past few months with Tehran seemingly playing both ends for a while. Even after India had signed the MoU for developing Chabahar in 2015, Iran's ambassador to India, Mr. Gholamreza Ansari had warned

that India needed to look at benefiting from business opportunities in Iran, once the international sanctions on Tehran were lifted and not waste time in “cheap negotiations”. The Sistan and Baluchestan Governor, Mr. Ali Osat Hashemi, hosted another Chinese delegation at Chabahar in October in 2105 and announced that Iran would be glad to work with Beijing and provide it with lucrative business opportunities as it had always stood by Iran. Any sizeable presence of the Chinese in Chabahar will be resented by India even as Beijing’s presence grows elsewhere in Iran. Chabahar is also important for India to break free from its strategic encirclement by China which not only controls the Gwadar port, but has also restored its presence in Colombo and Hambantota in Sri Lanka.<sup>4</sup>

At the Chabahar connectivity event, where the trilateral pact was signed in the presence of PM Mr. Modi, Iranian President Hassan Rouhani and Afghan President Mr. Ashraf Ghani Mr. Modi quoted Persian poet Hafez to say, “Days of separation are over, night of wait is coming to an end and our friendship will stay forever”. He said that “Today we all are witnessing creation of history not just for the people of our three nations, but for the entire region”. He further said that “Its reach could extend to the depths of the central Asian countries. When linked with the International North-South Transport Corridor, it would touch South Asia at one end and Europe at the other”. On his part, host President Rouhani said that “Chabahar can very well turn into a very big symbol of cooperation between the two great countries. It can serve as a point of connectivity among India and Afghanistan and countries in the Central Asia and also those in east of Europe”.

After the ceremonial welcome, Prime Minister Mr. Modi held a restricted 30-minute bilateral meeting with President Rouhani in the Sadabad Palace in Tehran and discussed bilateral issues of strategic and business importance. Both the leaders also discussed the spread of radicalism and terrorism in the region. Vowing to jointly combat terrorism and extremism, India and Iran agreed to share intelligence in a bid to fight the menace that is rife and rampant in the region. Later in a joint media interaction, Mr. Modi said, “India and Iran share a crucial stake in peace and prosperity of the region. We also have concerns over the spread of forces of instability, radicalism and terror in the region. We have agreed to consult closely and regularly on combating threats of drug trafficking and cyber-crime too”. Mr. Rouhani said, “We discussed about tourism and also talked about courses in Hindi, Persian to be held in the two countries”.

So, has Modi’s visit been successful, apart from the Chabahar deal? Although India and Iran have signed 12 deals covering a range of fields, including banking relations and energy cooperation, no major agreements have been signed in the energy sector. Meena Singh Roy, research fellow at the Institute for Defence Studies and Analyses in Delhi, said, “The deals especially in the area of science and technology, encourage seminars and conferences, which have been happening. I think the Iranians would have expected more. But the visit built up the political environment to the next level. There should be more such high-level visits to sustain the momentum”.<sup>5</sup>

(End notes)

1 B.A.LL.B III, Modern Law College, Pune

2 Available at, <http://www.thehindu.com/opinion/editorial/india-raising-the-stakes-with-chabahar/article8641709.ece>, accessed on 21<sup>st</sup> July 2016

3 Available at, <http://blogs.timesofindia.indiatimes.com/toi-editorials/modi-in-iran-chabahar-port-deal-can-enable-india-to-break-out-of-strategic-encirclement/>, accessed on 21<sup>st</sup> July 2016

4 Available at, <http://timesofindia.indiatimes.com/india/India-had-to-stave-China-off-to-sign-Chabahar-agreement-with-Iran/articleshow/52423308.cms>, accessed on 20<sup>th</sup> July 2016

5 Available at, [www.theweek.in/theweek/more/the-chabahar-deal.html](http://www.theweek.in/theweek/more/the-chabahar-deal.html), accessed on 20<sup>th</sup> July 2016