

PLACES IN NEWS: CHABAHAH PORT

NEWS: *The Trump administration has issued a directive that may potentially remove the **sanctions waiver** granted to India, which allowed the country to continue its work on **Iran's Chabahar port**. This move is part of the U.S.'s broader "**maximum pressure**" campaign against Iran.*

WHAT'S IN THE NEWS?



Chabahar Port

Strategic Location and Importance

1. Situated in Iran:

- Chabahar Port is located in southeastern Iran, along the Makran Coast in the Sistan-Baluchistan province.
- This positioning makes it a crucial gateway for trade and connectivity in the region.

2. India's Access to Afghanistan and Central Asia:

- Chabahar provides India a direct route to Afghanistan and Central Asian nations without having to pass through Pakistan.
 - This is particularly beneficial given the strained relations between India and Pakistan, which often restricts overland trade routes.
3. **India's Long-Term Investment Commitment:**
 - In 2024, India signed a **10-year strategic agreement** with Iran to develop and operate the port.
 - The agreement included an investment of **USD 120 million** for port infrastructure development and an additional **USD 250 million credit facility** for related connectivity projects.
 4. **Operational Management by India:**
 - Since 2018, the port has been operated by **India Ports Global Limited (IPGL)**, an Indian government-owned entity that manages international port operations.
 - This arrangement ensures India has direct control over operations and logistics at the port.
 5. **Deep-Water Port Capabilities:**
 - Chabahar Port has **deep-water berths**, allowing it to handle large cargo ships, including bulk carriers and container vessels.
 - This capability enhances trade efficiency, reducing dependency on other ports in the region.
 6. **Only Iranian Port with Direct Indian Ocean Access:**
 - Chabahar is the **only port in Iran** that has direct access to the Indian Ocean.
 - This makes it strategically significant for international trade, especially for countries like India that aim to bypass congested trade routes such as those passing through Pakistan.
 7. **Connectivity to International Transport Corridors:**
 - Chabahar serves as a vital link between Mumbai (India) and the **International North-South Transport Corridor (INSTC)**.
 - By integrating with this corridor, the port helps reduce **transportation costs and transit time**, boosting India's trade with Eurasia.
 8. **Growing Trade Volume:**
 - Since the beginning of its operations in 2018, Chabahar Port has handled over **90,000 TEUs (Twenty-foot Equivalent Units) of container traffic**.
 - Additionally, it has managed a total cargo volume of **8.4 million metric tons**, highlighting its growing importance in regional trade.

Impact of Sanctions Waiver Removal on India

1. **Threat to Ongoing Development Work:**
 - If the U.S. or other international bodies revoke the **sanctions waiver** on India's investments in Chabahar, India's infrastructure projects at the port could face severe disruptions.
 - This would delay construction, maintenance, and future expansion plans.

2. Impact on India's Trade Growth:

- In the **financial year (FY) 2024**, Chabahar Port witnessed a **43% increase in vessel traffic** and a **34% rise in container movement**, showcasing its growing trade relevance.
- Sanctions could hinder this momentum, reducing India's ability to utilize the port as an alternative trade route.

3. Geopolitical Implications for India-Iran Relations:

- India's relationship with Iran is **crucial for its influence in Afghanistan and Central Asia**.
- If sanctions are reinstated, it could weaken India's presence in the region and **push Iran closer to rival nations like China and Russia** for investment and partnerships.

International North-South Transport Corridor (INSTC)

Overview and Objective

1. Multimodal Trade Route:

- The **International North-South Transport Corridor (INSTC)** is a trade route designed to reduce costs and transit time for cargo movement from **India to Northern and Western Europe**.
- It integrates **sea, rail, and road transport** to facilitate efficient trade.

2. Initiation and Member Nations:

- INSTC was officially launched in **September 2000** as a joint initiative by **Russia, Iran, and India**.
- Over the years, the corridor has expanded to include **13 full member countries**:
 - **India, Iran, Russia, Azerbaijan, Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkey, Ukraine, Belarus, Oman, and Syria.**

- Additionally, **Bulgaria holds observer status**, indicating growing interest in expanding the corridor's reach.



Route and Connectivity

1. Mumbai (India) to Bandar Abbas (Iran) – Sea Route:

- Goods are first transported by sea from **Mumbai, India's largest port**, to **Bandar Abbas**, a major Iranian port located on the Persian Gulf.
- Bandar Abbas serves as a key transit point for further transport into Iran's hinterland.

2. Bandar Abbas to Bandar-e Anzali (Iran) – Road Route:

- From Bandar Abbas, the cargo is moved **overland via road networks** to **Bandar-e Anzali**, a port city on Iran's Caspian Sea coast.
- This leg of the route is crucial for ensuring efficient inland transportation before moving to Russia.

3. Bandar-e Anzali to Astrakhan (Russia) – Caspian Sea Route:

- At Bandar-e Anzali, goods are **loaded onto ships** and transported across the **Caspian Sea** to **Astrakhan**, a key Russian port.
- Astrakhan serves as the main gateway for cargo entering Russia from Iran.

4. Astrakhan to Europe – Russian Railways Connection:

- From Astrakhan, the cargo is transferred to **Russian railway networks** for onward transportation to **various European destinations**.
- Russia's extensive rail infrastructure plays a crucial role in ensuring seamless trade between India and Europe.

Significance of Chabahar Port and INSTC for India

1. Strategic Trade Diversification:

- By leveraging **Chabahar and INSTC**, India reduces its reliance on traditional trade routes passing through Pakistan and the Suez Canal.
- This provides **greater trade security** and **geopolitical leverage** in dealing with regional partners.

2. Reduction in Trade Costs and Transit Time:

- INSTC offers an **alternative to the longer and more expensive Suez Canal route**, cutting transportation costs by nearly **30%** and reducing transit time by **40%**.
- This significantly enhances India's trade efficiency with **Russia, Central Asia, and Europe**.

3. Stronger Economic Ties with Eurasia:

- The corridor fosters closer trade and investment partnerships between **India, Iran, Russia, and Central Asian nations**.
- This strengthens India's role in Eurasian trade networks, giving it a competitive edge in global commerce.

4. Enhanced Regional Connectivity:

- Chabahar and INSTC serve as crucial links in India's larger "**Connect Central Asia**" and "**Act East**" policies, promoting regional integration and infrastructure development.

Conclusion

- **Chabahar Port** and **INSTC** are **game-changers** for India's global trade and geopolitical influence.
- They provide an **alternative trade route**, **strengthen India's presence in Eurasia**, and **enhance connectivity with Europe and Central Asia**.
- However, challenges like **sanctions, infrastructure delays, and geopolitical shifts** require India to **carefully navigate diplomatic and economic strategies** to maximize the benefits of these initiatives.

Source: <https://www.thehindu.com/news/national/centre-silent-on-trump-order-cancelling-chabahar-port-waiver/article69189011.ece>