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## Chabahar tidings: Benefits and Upcoming Challenges

### Context:-

- The opening of the first office of Indian Ports Global Limited at Iran's Chabahar and the takeover of operations of the Shahid Beheshti port is a milestone in India's regional connectivity and trade boost.

### Importance of Chabahar:-

- Chabahar port opens up a permanent alternative route for trade with Afghanistan and Central Asia, given the hurdles in the direct route through Pakistan.
- It facilitates India's role in Afghanistan's development through infrastructure and education projects.
- It further cemented India's bilateral ties with Iran, a major oil supplier and potential trade market for India.

### Making Chabahar as regional hub For Transit Trade, Steel and Petrochemicals:-

- To promote Chabahar and to study ways to make the route more attractive and decrease logistic costs, **an international event** in February 2019 will be held with partnership of India, Afghanistan and Iran.

- About 500 companies have registered with the **Free Trade Zone** authority there.
- While keeping timelines and delivery of New Delhi's commitments will be key to the port becoming a regional hub for transit trade, steel and petrochemicals, it will be necessary to encourage Afghan companies to use the route more, in line with President Ashraf Ghani's desire to have a commercial fleet under the Afghan flag setting sail from Chabahar.

### **Geopolitical Challenges to the Gamechanger vision of Chabahar:-**

- **US Sanction on Iran-**The Chabahar port has received a waiver from the U.S. sanctions on Iran for the moment, but these concessions could be withdrawn any time, given the constant upheaval in the administration.
- **Possibility of US Withdrawal from Afghanistan-** The possibility of the withdrawal of U.S. troops from Afghanistan, after the pullout from Syria, will add to security concerns for Afghanistan and impact on the Chabahar route as well.
- **Importanc of Geostrategic Location of Pakistan-** The reconciliation process with the Afghan Taliban is likely to see the regional powers, the U.S. and Russia engaging Pakistan more. This could give Islamabad space to play spoiler in Chabahar, which is seen as a rival warm water port to Pakistan's Gwadar.

- **Opening Up of Special Cargo Corridor-** Afghanistan government is hedging its bets on trade via Chabahar too is clear: in recent months, special cargo corridors have been opened with China, Kazakhstan, Turkey, Europe, Russia, the UAE, and Saudi Arabia, with more trade diverted through them than with traditional partners Pakistan and India.

**Way Ahead:-**

- For India, It will be important to operationalise the port quickly and smoothen the route to Afghanistan.
- Till now, India has done well to keep a place in the intricate connectivity network of the region.
- Given all the competing interests that criss-cross over Chabahar, it will require sustained and nuanced diplomacy to address the geopolitical challenges.

**THANK YOU**

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