

WILL CHABAHAR BE A LINCHPIN FOR INDIA AND IRAN “INDO-IRAN COLLABORATION ON CHABAHAR PORT: REGIONAL AND GLOBAL CHALLENGES”

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ABSTRACT

The Chabahar Port, situated in the Iranian province of Sistan and Baluchistan, has emerged as a prominent subject in regional and international political discussions. India has collaborated with Iran for the last two decades to establish and enhance this port. Through this port, India aims to alleviate Pakistan's dependency on trade routes while simultaneously enhancing trade links with South Asian countries, as well as Central Asia and Western countries. India aims to enhance its maritime commerce by utilizing Afghanistan as a gateway to Central Asia and extending its reach to Europe via Turkey and Iran. Iran possesses the Bandar Abbas harbour; nonetheless, it is unsuitable for accommodating huge ships due to the presence of shallow water.

Chabahar holds significant importance due to its status as a deep-water port. The worldwide significance of this port is further enhanced by its proximity to two neighbouring ports, namely the Strait of Hormuz and Gwadar Port. By activating this port, a novel global trade route will be constructed, linking numerous countries across three continents. This port is intricately linked to the progress and advancement of Iran, Afghanistan, and India. India is allocating a substantial amount of funds for the development of this port. Notwithstanding the challenges and global limitations, the progress of this project is continuing. In May 2024, Iran and India entered into a ten-year deal. The project's implementing agency, Indian Ports Global Limited (IPGL), would spend over 120 million US dollars to equip and run the port throughout the contract's lifespan. For initiatives that both countries agree upon to enhance the port's infrastructure, India has opened a loan window in the amount of 250 million US Dollars.

Keywords: Chabahar Port, Gwadar, CARS, INSTC, CPEC, Oceanic Trade, Eurasia

INTRODUCTION

Chabahar is the sole maritime port situated adjacent to both the Indian Ocean and the Oman Sea within the Sistan and Baluchistan region. Iran is a geographical link between Afghanistan, Pakistan, and the Commonwealth of Independent States (CIS). During the reign of the Achaemenids in 559 B.C., the Chabahar Port, known as Tees at that time, had a significant role in transporting goods to and from Eastern Asia, India, the Middle East, and the Caucasus. The port of Chabahar holds significant importance compared to the port of Bandar Abbas due to its proximity to Mumbai,

Karachi, and other neighbouring areas. Gwadar facilitates the transportation of goods to the eastern regions of Iran, Afghanistan, and Central Asia, reducing transportation costs. In addition, the distance between Chabahar Port and the Strait of Hormuz ensures that the closure of the former will not impact the economic and trade operations of the latter port (Ali, 2020a). The Chabahar port is a highly significant Iranian port located near the Makran coast. Furthermore, it suggests granting Iran unrestricted access to the Indian Ocean. Historically, Chabahar was a maritime gateway

prohibited by the Portuguese and British governments until 1616. Port Chabahar is relatively new and was established as a town approximately 40 years ago. Since then, the development of port projects has commenced (Falak et al., 2016). The strategic significance of Chabahar port emerged during the Iran-Iraq war in the 1980s. The Chabahar Port, a collaboration between India, Iran, and Afghanistan, truly lives up to its name. "Chabahar" in Persian means "four springs" (Char-four and Bahar-springs). It has resulted in new opportunities for regional economic and political prosperity, well-being, and peace and enhanced friendship and cultural development among the allies. The Chabahar Port in South Eastern Iran is a gateway (Ali, 2020b).

The port of Iran is near India, and its strategic position in the open sea facilitates the safe and convenient passage of huge cargo vessels. Afghanistan and Central Asia are among the countries India can export its products via this port. India wants to expand its trade relations with Central Asia (Omidi & Noolkar-Oak, 2022). Chabahar's strategic position in the Gulf of Oman can enable India to effectively connect with the International North-South Corridor. Furthermore, it would create a direct commercial pathway to Russia via Iran. The distance between Kandla port in Gujarat and Chabahar port is 550 nautical miles, while the distance between Kandla port and Mumbai port is 786 miles. In Gwadar, Pakistan, a modern trade centre is being constructed with the assistance of China, a mere 70 nautical miles from Chabahar (Salem, 2016). However, Pakistan will encounter significant challenges in integrating with Iran's corridor. Apart from India's relations with Pakistan, the primary cause is the nature of the agreement between China and Pakistan, as well as India's geographical and political circumstances, which will prevent it from becoming a member of this project (Ali, 2020b).

India has long been requesting Pakistan for a terrestrial corridor to transport its commodities to Afghanistan. Nevertheless, the lack of development can be attributed to the tense relations between the two nations. Since the start of Modi's administration in 2014, the relationship between the two countries has deteriorated, particularly following the revocation of Article 370 and the permanent inclusion of Kashmir into the Indian Federation. As a result, all forms of

communication have been halted. As an emerging economic power, India seeks the most convenient and cost-effective means to bolster its maritime trade to Afghanistan, CARs, and the Middle East. India aims to completely eradicate its dependence on Pakistan's Gwadar port for maritime trade (Khorrami, 2022). India is collaborating with Iran to enhance and strengthen the Chabahar port, directly competing with the Gwadar port. Iran has just lately started to bring Chabahar to its full potential, even though it is Iran's sole oceanic port location. It is the port, that possesses a great deal of potential as a means of providing Afghanistan, which is landlocked, with access to the Indian Ocean. Both Iran and India are the countries that are providing funding for this massive undertaking (Pant, 2018).

Iran has been under sanctions in one form or another for the last 30-40 years. Now that America's monopoly on world politics and economics seems to be weakening and a multi-polar system is taking shape, Iran is getting a parallel trade route with countries like Russia, China, and India. This is the thinking behind the Chabahar agreement. Historically, relations between India and Iran have always been close. India is a big emerging market. Chabahar will open trade routes from India, Afghanistan, Iran, Central Asia, and Russia, benefiting both countries. In India, this agreement is also being seen as a response to the Gwadar Economic Corridor between China and Pakistan. On the other hand, China has also invested about four hundred billion dollars in Iran (The diplomat.com/2024/05). Recently, China has become India's largest trading partner, overtaking the US in mutual trade. Recently, the President of Iran, Dr. Ibrahim Raisi, visited Pakistan. During his visit, he declared that if the two countries do not address each other's concerns about economic corridors like Gwadar between China and Pakistan and Chabahar between India and Iran if they do not cooperate economically, and if they do not give autonomy to each other, then, they cannot progress. Earlier, Iranian President Hassan Rouhani declared Gwadar and Chabahar ports as sister ports. America acts as a hegemonic power in international politics, and it is not oblivious to its influence in the politics of the Asian region. He also worries about India's growing political and economic relations with Iran. Iran is under severe economic sanctions by the United States, so it

cannot easily trade with the outside (Khan, 2012). Despite the agreements with Iran, Pakistan is not able to buy oil, gas, and electricity due to the sanctions on Iran. China is spending a lot of money on Gwadar port, which is unacceptable for America on the one hand and intolerable for India on the other hand. Despite the rivalry on different fronts, China and India have supported each other in constructing and developing the Chabahar Port, and their trade relations have increased with time. It is said that there is no permanent friend or foe in international politics and foreign relations. Realists claim that in Realpolitik, the main objectives of each country are to achieve its interests, increase its influence, and gain power. We see a similar situation in the context of Chabahar and Gwadar ports. This article will try to understand Chabahar port trade relations between India and Iran and other countries in the region, especially Afghanistan and Central Asian states, and how this port will help to restore trade routes and shipment connections between China and Iran, promoting maritime trade and reducing India's dependence on Pakistan. Will India and China be able to withstand the American pressure and develop this port according to their needs and aspirations, or will this issue be postponed again?

Background

Iran is in a distinctive geographical position, serving as a conduit between Africa, Europe, and Asia, linking India and Russia in a north-south direction. It is also called a Eurasian country. The corridor connecting Asia and Europe is known as the East-West corridor. It connects Central Asia, the Caucasus, Turkey, and Western Europe in the TRACECA corridor. The South Asian Corridor connects Southeast Asia to Northwestern Europe. The Ashgabat agreement formalizes the link between ECO members, Central Asian countries, the high seas, and the Persian Gulf. Iran is recognized as a significant geographical hub, fulfilling various important roles in Southwest Asia, including geopolitical, geo-economic, and geo-transit functions (Noorali & Ahmadi, 2023). Since the 1979 Iranian revolution, the diplomatic ties between the United States and Iran have consistently remained tense. Iran cannot establish trade links with other countries because the United States has imposed stringent financial restrictions. Despite its highly strategic geographical location, it has been unable to

capitalize on this advantage. Iran has tried to exploit its maritime channels in response to the evolving circumstances. One of these measures involves the establishment and enlargement of Chabahar Port.

Iran has two beaches, one located north of the Caspian Sea and, more significantly, another south of the Persian Gulf and the Oman Sea. These coastlines provide Iran with convenient access to global markets and key shipping routes. Iran ranks third enriched country globally in terms of confirmed oil reserves, with a total of 208,600 million barrels, according to the Organization of Petroleum Exporting Countries (OPEC) and British Petroleum (2019) (Tanoli, 2016). Additionally, Iran holds the top position in natural gas reserves, with a total of 33.8 trillion cubic meters. Iran is located in a strategically important area for energy resources at the geopolitical centre of the world in the twenty-first century. Iran's geopolitical situation does not support isolationism and naturally suggests an active and outward-focused foreign policy. Iran is positioned at the Centre of the 'strategic energy ellipse' in the geopolitical heartland of the twenty-first century at a global level. Iran's geopolitical location is not conducive to isolationism and inherently implies a proactive and outward-looking foreign policy (Singh & Singh, 2019). The unique circumstances of this position have consistently offered abundant prospects to establish and foster trade connections with other nations, thus promoting economic growth and development.

India-Iran Collaboration on Chabahar Port's Renovation

The historical ties between India and Iran have endured for millennia. Despite the abolition of the monarchy in Iran and the formation of a theocratic administration, India's relations with Iran have remained amicable. In defiance of the economic sanctions imposed on Iran, India continues to procure oil from Iran, so exacerbating the economic turmoil in the country. It is a valuable asset for the poor economy of Iran. In 1973, the then-reigning monarch of Iran, Reza Shah, proposed a \$8 billion investment in this project, outlining Iran's first ambitions for the commerce hub. However, the initiative was halted due to the OPEC oil crisis of the 1970s (Sawhney, 2019). Following the war with Iraq, the Islamic Republic of Iran was keen on cutting back on its reliance on

other Gulf nations and restarted its development initiatives. Since the 1990s, Iran has engaged Indian corporations to construct a seaport in Chabahar city, making India a key player in the Chabahar project. This idea was initially mooted by Former president of Iran Muhammad Khatami in 2003 while visiting India. He aimed to transform Chabahar Port into a trade and trans-shipment centre (Vinod Rai, 2024).

Perceiving the necessity to enhance cross-border connections, India entered into a trilateral transit deal with Afghanistan and Iran in May 2016. This arrangement allows Indian commodities to reach Afghanistan by passing through Iran. Subsequently, in May 2016, Prime Minister Modi visited Iran, and India agreed to facilitate the development of two terminals at the Chabahar port. India saw Chabahar as a strategic gateway to establish connections with Central Asia and beyond, addressing the challenge posed by its lack of a direct border with Afghanistan. This obstacle has hindered the potential for trade between India and Central Asia (Pant, 2018).

Twelve agreements, including the Chabahar Port Accord, were signed between India and Iran in May 2016. Indian Prime Minister Narendra Modi, Iranian President Hassan Rouhani, and Afghan President Ashraf Ghani have signed the trilateral agreement for the shipment trade through Afghanistan to facilitate India's acquisition of access to Afghanistan and further its relationship with Afghanistan through the Chabahar Port. Through the implementation of this project, India would be able to get access to the four most important cities in Afghanistan, namely Herat, Kandahar, Kabul, and Mazar-e-Sharif. The cumulative economic value of all these agreements amounts to \$20 billion (Vinod Rai, 2024). There are plans to connect the Chabahar Port and the Afghan city of Hajigak by train. For Indian investment in the Chabahar Special Economic Zone, in addition to the Chabahar-Hajigak corridor, a mutual agreement has also been signed. Furthermore, Indian mining companies have been awarded \$11 billion in iron and steel mining projects in Hajigak. The Chabahar-Zahedan-Hajigak railway is intended to be included in the broader scheme of the Intercontinental North-South Transit Corridor (Maini, 2024). Furthermore, these transportation initiatives aim to establish connections between ports located on the western coastline of India and the Port of

Chabahar. They will also encompass a range of highway and rail networks between Afghanistan and Chabahar. In 2016, India commenced the construction of the Chabahar-Zahedan Railway, which has an estimated value of \$1.6 billion (Falak et al., 2016). Subsequently, in late 2017, the Chabahar Port facilitated the first transportation of cargo goods to Afghanistan. In December 2018, India took over the management of the port. In May 2016, Summit, India, and Iran established a bilateral agreement in which India pledged to spend \$8 billion in the Special Economic Zone located at the Chabahar Port. Under a separate bilateral agreement between India and Iran, New Delhi has pledged to renovate a berth at Shahid Beheshti port. The port is primarily intended to provide an alternative route for trade between India and Afghanistan, as it is 800 kilometers closer to Afghanistan's border than Pakistan's Karachi Port. (Aslan & Rashid, 2020). As a result of this agreement, India was required to refurbish and construct the Chabahar port to the point that it could carry out activities related to marine trade and transshipment on bigger grounds.

On the 29th of October 2017, India successfully launched the initial wheat export for Afghanistan through Iran's Chabahar Port, of which India significantly contributes to the development. During the occurrence of the event, the Prime Minister of India, Narendra Modi, expressed his congratulations to Afghanistan and Iran via a tweet. He specifically commended the Indian wheat shipment that was initiated from Kandla to Afghanistan through Chabahar. India attaches great importance to Chabahar, not only as a means to become a major regional infrastructure developer, but also as a way to facilitate trade and provide assistance to Afghanistan. (Vinod Rai, 2024). Despite these significant drivers in Delhi, the project has not been proceeding without any friction, and there may be additional obstacles in the future as India attempts to strike a balance between its collaboration with Iran, its connections with the United States and Israel, and its efforts to defend itself against regional dangers posed by China and Pakistan. In December 2017, Iranian President Hassan Rouhani inaugurated the initial phase of the significant Chabahar port, in the presence of delegates from 17 nations. The Indian Minister of State for Shipping, Pon Radhakrishnan, attended the inauguration ceremony of Phase 1 of the Shahid Beheshti Port

at Chabahar, underscoring the project's importance for India. (Maini, 2024).

Recent Chabahar Port Agreement in 2024

India and Iran have entered into a decade-long agreement to manage the operations of the Chabahar port in Iran. An enduring contract was established between Indian Ports Global Ltd. (IPGL) and the Port and Maritime Organization (PMO) of Iran, allowing for the management of the Shahid-Beheshti terminal. India's geopolitical and economic goal for Central Asia and beyond includes signing a long-term contract with Iran. India has provided six mobile harbour cranes and additional equipment valued at \$25 million. Two of these cranes have a lifting capability of 140 tons apiece, while the remaining four cranes have a capacity of 100 tons each. During the 15th BRICS conference in Johannesburg in August 2023, Prime Minister Narendra Modi and Iranian President Ibrahim Raisi met to address obstacles hindering the establishment of a long-term contract with Chabahar. Both leaders agreed to eliminate the arbitration clause, a significant obstacle in completing a long-term deal. This specific concession facilitated the establishment of a durable contract that was finalized on May 13, 2024. India has been granted a ten-year contract to operate Chabahar Port.

IPGL and the Port and Maritime Organization (PMO) formally agreed to transfer the Shahid Beheshti terminal to India for ten years. IPGL has committed to investing \$120 million in the terminal's modernization to acquire essential equipment. In contrast, India has extended a Line of Credit worth \$250 million to enhance infrastructure by undertaking jointly defined projects (Sawhney, 2019). The shipping minister, Sarbananda Sonowal, described the development as a significant event that marks the beginning of a new era of trade, marine collaboration, and transshipment. He declared that India will seize the opportunity to deliver humanitarian aid shipments and reiterated its dedication to promoting regional growth. In response to the progress, External Affairs Minister S. Jaishankar stated that the agreement "will facilitate larger investments in the port." The Iranian Ambassador to India, Iraj Elahi, expressed contentment with the agreement's conclusion, stating that it will generate fresh and significant momentum in all areas of the relationship and revive halted initiatives. Through

the execution of this contract, collaboration will be fostered across all industries. Chabahar can catalyze fostering relations not only between the two countries but also between the region's countries.

Implications of this agreement for India

The Chabahar port sometimes called the Golden Gate, can provide landlocked Afghanistan and other Central Asian countries with access to the sea. India, Afghanistan, and Iran share a common interest in developing the port to counteract the geopolitical imbalance generated by Gwadar port and decrease Afghanistan's reliance on Pakistan for trade and transit. India has been unable to enter Afghanistan and Central Asia due to the necessity of passing through Pakistan on the overland transit route. Pakistan's objection thwarted the South Asian Association for Regional Cooperation (SAARC)'s attempt to establish a regional motor vehicle accord to facilitate the free movement of products in the area (Vinod Rai, 2024). Since 2002, India has cultivated a keen interest in Chabahar, intending to utilize it as a strategic entry point to Afghanistan and Central Asia, circumventing the need to go through Pakistan. Considering this, India also provided financial support for developing a 218 km-long road from Zaranj in Iran to Delaram. This road connects the Garland Highway in Afghanistan and was finished in 2010. The route failed to achieve its full potential mostly because of ongoing instability in Afghanistan caused by the Taliban, acting as a proxy for Pakistan in Afghanistan.

Some experts argue that the complete establishment of the Chabahar port might serve as a means to counterbalance China's influence in the Oman Sea and Gwadar Port. The Indian fascination with Iran's Chabahar port is longstanding. Prime Minister Atal Bihari Vajpayee's visit to Iran in April 2001 resulted in the signing of the Tehran Declaration. This declaration expressed the mutual desire to explore and develop the extensive possibilities for cooperation between the two countries in various areas such as politics, strategy, economy, technology, and culture. The declaration specifically highlighted the potential for collaboration in trade, industry, technology, energy, transportation, and agriculture. The declaration explicitly stated their dedication "to advance the socioeconomic advancement and affluence of their populations, the parties agree to

initiate a fresh stage of productive and mutually advantageous collaboration encompassing, notably, the domains of energy, transit and transport, industry, agriculture, and service sectors (Press Information Bureau (2001)).

Strategic Importance of Chabahar Port for India and Iran

Many knowledgeable individuals have shed light on the strategic consequences that this port project by India could entail. Researcher Rory Daniels said that India's investments in Chabahar constitute strategic encirclement. India must create a naval counterweight to China's influence in the South China Sea, according to expert Padukone. For India, the Gwadar port is an example of the strong partnership between Pakistan and China, which aims to limit Indian investment in the Indian Ocean area. As a means to fight Chinese aspirations in the Indian Ocean and to improve trade with Central Asia and Europe, this port will have significant strategic ramifications for India (Falak et al., 2016). The Chabahar Port is located in close proximity to the Strait of Hormuz, a highly crucial global strategic location. Furthermore, it provides convenient access to the Persian Gulf, the Oman Sea, and the Indian Ocean. Every day, over 20 million barrels of oil, which accounts for almost 20% of the total globally traded oil, pass across the Strait of Hormuz (Katzman & Collins, 2021). The Strait of Hormuz is responsible for 70% of global oil transportation and facilitates around 100,000 shipments per year as of 2019 (Rathoure, 2021). As a result, Chabahar port holds considerable global economic and strategic importance. The relationship between India and Afghanistan holds tremendous significance, as the security of Indian trade convoys heavily depends on Pakistan's voluntary decision to abstain from using its influence on Afghan tribal leaders to avoid assaults on them. The Chabahar Port has the potential to enhance Tehran's influence and leverage in Afghanistan through the strengthening of military cooperation between Iran and India. This situation has the capacity to be a substantial hindrance for India, as it is actively resisting China's territorial expansion in the Indian Ocean and is already encountering difficulties.

Concerns have been raised about the potential future use of Gwadar as a military station and other ports supported by China in countries such as Myanmar, Bangladesh, and Sri Lanka (Iain Marlow

& Ismail Dilawar, 2018). Considering security concerns, it is important to note that the Chabahar Port is a strategic access point for India to reach Afghanistan, Central Asia, Russia, and other regions. Additionally, it allows India to observe and track naval operations conducted by Pakistan and China in the Indian Ocean and the Gulf region. India faces a disadvantage due to the absence of Chabahar in the Indian Ocean, which would have enabled India to deploy naval reinforcements. In 2005, the United States and India established the New Framework for Defense Cooperation, which involved various areas of security coordination. India has participated in multiple military exercises with the United States. The joint drills in September 2007 involved the United States, India, Australia, Singapore, and Japan. The collaboration resulted in heightened tensions in Beijing, with reports emerging in the Chinese media regarding establishing an anti-China alliance. China responded by issuing a formal protest following this military exercise (Tanoli, 2016). In partnership with India, Iran's development and enhancement of Chabahar Port will contribute significantly to the existing infrastructure. The geostrategic importance of Iran for India is certain to alleviate Iran's global economic strain.

India and Iran depend on one another for their individual geopolitical and economic advantages. Afghanistan is currently embroiled in a conflict that involves China, Iran, India, and Pakistan. India and Iran are endeavouring to reduce the sway of China and Pakistan in Afghanistan. The establishment of the Chabahar Port was driven by India's strategic objective to counteract China's dominance in the Arabian Sea and Indian Ocean. The Chabahar Port improves India's connectivity to Central Asia, the Caucasus, and Eastern Europe. Chabahar is the only port in Iran that has a direct connection to the Indian Ocean. This port will allow India to utilize it as an outlet to the Indian Ocean, which will enhance New Delhi's involvement in the Transnational North-South Transit Corridor initiative. Pakistan is an obstacle to India's direct connectivity with Afghanistan and Central Asia. However, Chabahar serves as the exclusive gateway for India to access Central Asia, Russia, and Europe, representing India's only opportunity to exert influence over the markets in these countries. Chabahar is India's sole opportunity to rival China and Pakistan in Central Asia and Afghanistan. The International North-

South Transit Corridor (INSTC), which connects Chabahar, is the most direct business corridor between India and Europe. It is estimated that the distance will be reduced by approximately 40% and the cost of Indian trade will be decreased by 30%. Indian trade is primarily conducted through the Suez Canal, the Mediterranean, and the Red Sea. India initiated the development and improvement of the Chabahar Port in 2002 in response to China's construction of Pakistan's deepwater Sea Port of Gwadar. The distance between Pakistan's Gwadar Port and Iran's Chabahar Port is a mere 72 kilometers. (Munir et al., 2021).

The port of Chabahar holds significant importance compared to the port of Bandar Abbas because of its close vicinity to Mumbai, Karachi, and Gwadar. This proximity reduces transportation costs to the eastern regions of Iran, Afghanistan, and Central Asia. In addition, the distance between Chabahar Port and the Strait of Hormuz ensures that the closure of the former will not impact economic and trade operations at the latter. Rouhollah Latifi, the Director of public relations and foreign affairs of the Chabahar Free Trade and Industrial Zone Organisation, asserts that the zone holds a notable global position in the transportation of products. Therefore, thorough planning can expedite the movement of commodities from the zone to member states of the Economic Cooperation Organization (ECO) and other nations worldwide (Salem, 2016).

The International North-South Transit Corridor of India involves the construction of a highway that will connect the Iranian Chabahar Port with Afghanistan. India had already constructed the road connecting Zaranj, a town located on the Iranian border, to Afghanistan's Delaram region.

This road was developed apart from India's 100-million-dollar investment in the Chabahar Port. New Delhi is offering technical and economic aid to Iran to develop the Chabahar and Zaranj expressways. India has previously proposed the building and constructing a 900-kilometre railway line from Chabahar to the Hajigak region. The Hajigak region in Bamiyan is renowned for its abundant iron ore deposits. Bamiyan is predominantly inhabited by the Shia Hazara ethnic group, which will undoubtedly contribute to the economic benefits of India and Iran, given that Iran is a predominantly Shiite nation.

Thus, the manufacturing sector is expected to receive a much-needed boost from India's

investments in Chabahar. Specifically, the agrochemicals industry, iron and steel, aluminium smelters, and transport and shipping are expected to experience expansion. Mundra, Kandla, Mormugoa, and Mumbai are among the West Indian ports to increase trade between the two regions, the Chabahar project is set to link the cities of Cochin and New Mangalore to the trade route. This will link Iran and Central Asia to southern India and the Indian Ocean region. They will also experience massive increases in commerce, economic activity, income, and job creation as they become well-established as transit hubs and global trading centres in the Indo-Pacific. Mumbai and a handful of other large cities have long been India's economic expansion engine rooms. To reduce regional inequalities, India plans to connect several port cities along its western coast to Chabahar so that everyone can share in the project's benefits. The Chabahar project holds significant importance for India as it is a crucial gateway for expanding trade links with Central Asia, Russia, and Europe, especially considering its connection to the INSTC and the Ashgabat agreement. The Chabahar port is the most advantageous route for Central Asia, Russia, and Europe to access the maritime trade and transport channels of the Indian Ocean. When considering the historical India-Central Asia commerce relationship, dating back to the ancient Silk Route, Chabahar is vital in connecting two distant regions. In the fiscal year 2018-2019, India's trade volume with the Central Asian Republics amounted to a mere US\$1.3 billion. Kazakhstan accounted for 65% of this total, equivalent to US\$0.85 billion (GoI, 2020).

American Pressure and India's Response

Despite the opportunities, an equivalent number of problems could completely invalidate the deal. First and foremost, the removal of nuclear-related sanctions on Iran by the United States is contingent upon certain conditions. The United States and its allies are closely monitoring Iran's conduct. If Iran does not comply with those criteria, western sanctions could be strengthened once again. Considering the consistent improvement in India's relations with the US in recent years, India will not jeopardize its relationship with the US over Iran, even if the US were to reinstate such severe sanctions on Iran. Under these circumstances, the Chabahar transaction could potentially be delayed once

more. Furthermore, India has strong economic, political, and defence relations with Israel, a nation that Iran refuses to acknowledge. Israel has made a significant investment in India, amounting to more than US \$1 billion in 2000. Both nations strive to considerably enhance their bilateral trade and tourism industries beyond their present levels. Defence collaboration, a factor that many Indian policymakers attribute to the normalization of relations between the two countries, has significantly increased over time. India has a strong relationship with Saudi Arabia, which is its biggest supplier of crude oil, accounting for 20% of its crude oil imports. Saudi Arabia is India's fourth largest commercial partner, with annual trade surpassing \$40 billion. Both countries have already ratified the Riyadh Declaration, a strategic alliance established in 2010 to foster greater involvement in political, economic, security, and defence domains. Considering the historical animosity between Saudi Arabia and Iran, it is possible that it could jeopardize the Chabahar port agreement. India's diplomatic ties with these two significant partners will necessitate sophisticated and nuanced coordination in the global arena.

India defends the Chabahar port project with Iran. On 15 May 2024, the Indian Foreign Minister, ignoring the threat of US sanctions, described the project as beneficial for all. Washington says those doing business with Tehran risk sanctions. Indian External Affairs Minister S Jaishankar has said that his ministry will work to highlight the benefits of the strategic port project in Iran. His statement came after the US threatened sanctions against Indian firms working on the Chabahar port project. Iran and India signed an agreement this week to build and equip the long-stalled Chabahar port, giving New Delhi 10 years of access to the facility. Will the agreement come when the Modi government tries to increase trade with countries in West and Central Asia? Relations between Washington and New Delhi are warm, but the US and Iran have long been at odds, and tensions have risen since Tehran's support for Hamas in its war with Israel. Speaking at a public function in Kolkata, Indian External Affairs Minister S Jaishankar said, "It is a matter of persuading and persuading people through dialogue that this port project is actually for the benefit of all." He added, "If you look at America's attitude towards Chabahar in the past, America has appreciated that Chabahar is of great importance. "The US

accepted the port project reluctantly because US forces were in Afghanistan then, and Washington saw New Delhi as a valuable partner in backing the Ashraf Ghani government in Kabul in 2021. However, the US State Department said on Monday that Indian companies working on the Chabahar project are at risk of US sanctions. "Any entity that does business with Iran should be aware of the potential risks they are exposing themselves to," State Department spokesman Vedant Patel said at a press briefing. Under the agreement signed this week, India Ports Global Limited will invest \$370 million over the next decade to "provide strategic equipment" and "develop the port's transport infrastructure." India had agreed in 2016 to finance the development of an Iranian port as a trade hub for Central Asia. In 2019, before the global pandemic of COVID-19, the two countries agreed to accelerate the project after Jaishankar visited Tehran. Chabahar port is located on the Indian Ocean, about 100 km west of the Pakistani border. Pakistan, India's historical rival in the region, is developing its Gwadar port with the cooperation of China (Karan Sharma, 2024).

Miscellaneous Challenges to the Chabahar Project

Although the Chabahar port project holds significant potential for India and Iran, it has its fair share of obstacles and difficulties. Iran's internal conflicts and turmoil have consistently posed challenges for the country. There are other challenges facing this project at the forefront as well. The outcome of this scenario in Iran and India can only be determined with time. Given their ambitions and requirements, both countries would face significant challenges in dealing with international pressure and completing this project. Several significant challenges, including the following, may impact the project:

Israel-Iran chronic Rivalry

Israel and Iran have always been foes of one another, and there is always the possibility that they will come into confrontation with one another. The severity of this threat has escalated, particularly in light of the situation in Gaza. Given the circumstances, Israel will continue to applaud the sanctions imposed by the United States. Israel will never want Iran to emerge from its current economic predicament. If Israel and Iran go to war,

Israel will not think twice about causing damage to the Chabahar project. Even though Israel has very friendly relations with India, and the two countries have been exchanging their knowledge, academic expertise, and military arsenals for decades, it is possible that these relations will not prevent Israel from ending or lessening its animosity toward Iran (Falak et al., 2016).

Fragile Ethnic and Religious Situation within Iran

The Chabahar port is situated in the Iranian province of Sistan and Baluchistan. Sunni Muslims predominantly inhabit the region. There are numerous separatist groups, such as Jundullah, Jaish ul Adl, and Baluchistan Liberation Front (BLF) etc., operating in this region that persistently pose challenges to the Iranian authorities. Due to its significant underdevelopment, substantial investment is necessary for the construction and development of this region. Iran may have significant challenges in persuading international corporations to invest in this region and ensure comprehensive security measures (Falak et al., 2016).

Chessboard for International Players

Furthermore, this area has the potential to become a geopolitical hotspot for dominant nations because of its close vicinity to the Strait of Hormuz. The confrontation between Russia and the United States, or China and the United States, in this region might significantly impact the construction and growth of the area, particularly the Chabahar port. China can shut the Chabahar port in the case of a war between China and India. This would prevent India from importing its naval trade and military equipment from this location. Large ships that are capable of transporting ammunition and petroleum items to India could be obstructed, which would not only result in catastrophic damage to India but would also result in the loss of all investments made in Chabahar (Falak et al., 2016). Almost as if the threats that this port is facing are quite severe. Iran is currently facing threats from Israel, and America whereas India is potentially facing major challenges from both China and Pakistan. On the other hand, Iran is facing threats from Israel.

Conclusion

India is currently establishing itself as a burgeoning economy on the global stage. Seeking assistance from the United States, this country aspires to establish itself as a dominant force in Asia to counterbalance the increasing sway of China. However, China consistently strives in this endeavour. He should expedite the construction of his economic corridors to establish connectivity with Asian, European, and African nations. America and its allies, particularly India, are obstructing its progress. China's actions have posed challenges for India in Tibet, Himachal Pradesh, Sikkim, and Chabahar. India aims to enhance its marine trade with South Asia, Central Asia, and Europe. She is developing and expanding Chabahar port in collaboration with Iran and intends to circumvent Pakistan and topple China at the economic level.

Conversely, Iran has altered its foreign policy and embraced a shift toward the east. Previously, she pursued a neutral policy, not aligning with the East and the West. However, it intends to enhance its economic connections with India, a dominant economic force in the region. Iran has been surviving with limited growth for many years due to the severe economic sanctions imposed by the United States. Over the past decade, it has expedited the Chabahar port project and officially allocated it to India. India has nearly finished constructing its two terminals, Shahid Kalantari and Shahid Behishti. The current commercial relations between India and Iran surpass \$12 billion annually, in addition to their naval connections. Collaboration in transport and infrastructure may eventually develop into strategic alliances in South Asia, Central Asia, the Persian Gulf, and the Indian Ocean. These alliances will significantly affect the relationship between China and Pakistan (Ali, 2020).

Chabahar might allow Afghanistan, as a third partner, to avoid Pakistan and establish a direct link to India, the source of much-needed humanitarian and developmental aid for this war-torn nation. Chabahar also connects the landlocked country to global maritime trade channels, which may help its flagging economy adapt to life after the United States exit from Afghanistan without any concrete economic plan. Because of Chabahar's strategic importance for Afghanistan, the United States lifted sanctions against India related to the Chabahar port,

allowing the project to move forward with Afghanistan's participation. The new Afghan leadership's relations with China are an open challenge and smart question for India. (Singh & Singh, 2019).

Given the inherent volatility of world politics, the exact timing of any potential changes remains

uncertain. It is uncertain what the future holds for Chabahar. However, despite concerns and risks, India, Iran, and Afghanistan are determined to achieve this significant milestone. Undoubtedly, the successful completion of this project will contribute to India's ascension as a prominent global power.

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