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**DAILY EDITORIAL
ANALYSIS**

TOPIC

**On Chabahar and India-Iran
Ties**

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ON CHABAHR AND INDIA-IRAN TIES

In Context

- India's agreement with Iran to develop and operate the **Chabahar port** represents a significant step in enhancing infrastructure and trade ties between the two nations.

About the Recent Deal

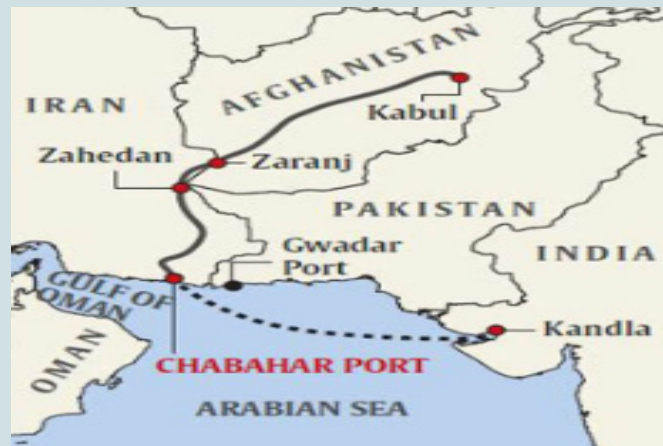
- India and Iran signed a **10-year development** and operation contract for **Chabahar Port** in southeastern Iran, on the Gulf of Oman.
- India will invest **\$120 million and offer a credit facility of \$250 million** to further develop the terminal it operates in **Chabahar's Shahid Beheshti port** and related projects.
- The landmark agreement replaces the 2016 operation agreement that was renewed annually. The new contract is aimed at strategically augmenting and diversifying value chains for India and Iran.

Background

- India-Iran cooperation** in developing **Chabahar Port dates back to 2003**.
- Conceived in 2003, the project did not take off for years after the U.S. and the UN imposed sanctions on Iran over its nuclear programme.
- India signed a memorandum of understanding in 2015 after Washington eased sanctions on Iran following that year's nuclear agreement, and in 2016, the contract was executed during Prime Minister Narendra Modi's Iran visit.
- The U.S.'s unilateral withdrawal from the nuclear deal in 2018 and reimposition of sanctions on Iran raised questions on India's continued cooperation with Tehran.

Do you know ?

- Chabahar is situated in south-eastern Iran, closer to the mouth of the Gulf of Oman and to the east of the Straits of Hormuz near which Iran's major port Bandar Abbas is located.



- Kandla port in Gujarat is the closest port at 550 nautical miles, while the distance between Chabahar and Mumbai is 786 nautical miles.

Strategic Importance of Chabahar port for India

- Alternative Route to Afghanistan and Central Asia:** By bypassing Pakistan, Chabahar provides a direct trade route to Afghanistan and Central Asia.
 - This enhances India's connectivity and trade prospects in the region.
- Integration with the International North-South Transport Corridor (NSTC):** Chabahar's connection to the NSTC facilitates trade between India, Iran, Azerbaijan, and Russia.
 - The NSTC offers an alternative to the Suez route, reducing time and costs for intercontinental trade.

- **Geopolitical Influence and Competition with China:** Chabahar's proximity to China's Gwadar port (part of the Belt and Road Initiative) allows India to expand its influence in Central Asia.
 - ♦ India must remain committed to Chabahar despite changing geopolitical dynamics and focus on improving connectivity projects with Central Asia.

Critical Issues

- **Potential Sanctions Risk:** The US has cautioned countries against engaging in business deals with Iran due to ongoing sanctions. This raises concerns about potential repercussions for India and businesses involved in the Chabahar project.
- **Geopolitical Implications:** The agreement strengthens India's ties with Iran and provides a strategic foothold in the region, bypassing Pakistan. However, it could also complicate relations with the US and its allies.
- **Security Concerns:** The region surrounding Chabahar Port has been prone to instability and security threats. Ensuring the safety and security of the port and its operations will be crucial for its success.

Conclusion and Way Forward

- Despite U.S. sanctions on Iran, India has managed to operate Chabahar through ad hoc measures. Balancing its interests between Iran and the U.S. India seeks to maintain the project's momentum.
- Through active and visionary diplomacy and efficient implementation and operations of the project, India can overcome existing challenges and should be able to maintain the Chabahar project as a viable transit hub and link.

Mains Practice Question

- Q.** Why is Chabahar Port in Iran strategically important for India? Discuss the potential risk associated with the deal concerning the Chabahar port.