

4. Chabahar Port – International Relations

India has received a waiver on the United States' sanctions against Iran's Chabahar port for a period of six months

Background and Evolution of the Project

Origin of Cooperation (2015 MoU) – In 2015, India and Iran signed a Memorandum of Understanding (MoU) to jointly develop the Shahid Beheshti Terminal at Chabahar Port in southeastern Iran.

The initiative aimed to create a strategic trade and connectivity hub, enabling India to reach markets in Afghanistan, Central Asia, and Russia, bypassing Pakistan.

Project Vision – The collaboration represents India's long-term strategy to develop an alternative trade corridor to continental Eurasia – providing sea-land connectivity between the Indian Ocean and landlocked Central Asian states. It is a cornerstone project of India's broader connectivity initiatives like the International North-South Transport Corridor (INSTC) and Ashgabat Agreement.

Impact of Western Sanctions – The port's progress faced repeated delays due to U.S. and European sanctions against Iran, which limited financial and logistical cooperation. In 2018, however, the U.S. Trump administration granted a sanctions waiver specifically for India's operations at Chabahar, recognizing its importance for Afghanistan's economic reconstruction.

Post-2021 Developments – After the Taliban's return to power in Afghanistan (2021), international engagement in the region became geopolitically sensitive. The U.S. reimposed sanctions on Iran, and the ambiguity regarding secondary sanctions exposure has made Indian involvement at Chabahar cautious and slow.

Geographical and Infrastructural Overview

Location – Chabahar is located in Iran's Sistan and Baluchestan Province, on the Gulf of Oman, outside the Strait of Hormuz – making it Iran's only oceanic port.

Components – The port comprises two terminals –

Shahid Kalantari Port – the older, smaller terminal with limited handling capacity.

Shahid Beheshti Port – the newer terminal under joint India-Iran development, designed for deep-water operations.

Expansion Plan – The Shahid Beheshti Port is being developed in four phases – Upon full completion, it will have a total handling capacity of 82 million tonnes per year. Phase I, operational since 2017, already allows handling of large cargo vessels.

Proximity to Indian Ports

Kandla Port (Deendayal Port), Gujarat – approximately 550 nautical miles away.

Mumbai Port – approximately 786 nautical miles away.

This proximity enables efficient maritime connectivity from India's western coast to Iran.

Strategic and Economic Significance for India

1. Geopolitical Importance

Bypassing Pakistan – Chabahar provides India with direct access to Afghanistan and Central Asia without depending on transit routes through Pakistan, which has denied India overland connectivity.

Strategic Location – The port lies at the crossroads of South Asia, Central Asia, and the Middle East, making it a geostrategic gateway for India's extended neighbourhood policy.

Alternate Sea Route to Central Asia – Through Chabahar, India can send goods via Iran's road and rail networks to Afghanistan (via Zaranj-Delaram Highway) and onward to Central Asia and Russia. This route reduces transit distance and costs compared to traditional routes via the Suez Canal and Europe.

2. Gateway to the International North-South Transport Corridor (INSTC) – The Chabahar Port is a key link to the INSTC, a 7,200-km long multi-modal trade corridor connecting India (Mumbai) to Russia (St. Petersburg) through Iran and the Caspian Sea. INSTC is designed to reduce –

1. Transit time by up to 40%, and
2. Freight cost by up to 30% compared to traditional routes.

Chabahar thus provides India a strategic entry point into the Eurasian market — connecting Iran, Russia, Azerbaijan, and Central Asia via road, rail, and sea.

3. Countering China's Influence

Gwadar Port Rivalry – China has developed the Gwadar Port in Pakistan (just 170 km from Chabahar) as part of the China–Pakistan Economic Corridor (CPEC) under the Belt and Road Initiative (BRI).

India's Response – Chabahar offers India a counterweight to China's growing presence in the Arabian Sea. It allows India to maintain a strategic foothold in the northern Indian Ocean and balance Chinese maritime expansion. The port is also crucial for India's maritime security architecture in the Western Indian Ocean Region (IOR).

4. Economic and Trade Benefits

Enhanced Trade Connectivity – Once fully operational, Chabahar will facilitate direct trade between India and Afghanistan, Iran, Central Asia, and Russia, cutting travel time significantly.

Import Advantages – India can import essential commodities like iron ore, urea, sugar, and rice more efficiently. The import cost of crude oil and energy resources from Iran and the Middle East will also decline due to reduced logistics costs.

Export Opportunities – India can export pharmaceuticals, textiles, machinery, and agricultural products to Central Asia and Eurasia at competitive rates.

Regional Development – Chabahar can act as a trans-shipment hub for Indian exports and imports, stimulating regional economic integration.

Challenges and Constraints

Sanctions Barrier – Ongoing U.S. sanctions on Iran create uncertainty for international investment, insurance, and banking transactions, affecting Indian operations.

Infrastructure Delays – Port development and connectivity projects such as the Chabahar–Zahedan railway line have faced funding and coordination delays.

Security Concerns – The Sistan–Baluchestan region is volatile, with sporadic insurgent and terrorist activities, raising concerns about operational safety.

Afghan Instability – The political situation in Afghanistan under the Taliban regime affects trade predictability and transit route security.

Geopolitical Pressures – Balancing strategic ties with Iran, the U.S., and Gulf countries remains a diplomatic tightrope for India.

India's Efforts and Way Forward

Chabahar Agreement (2016) – India, Iran, and Afghanistan signed a Trilateral Agreement to establish a Transport and Transit Corridor using Chabahar as the focal point.

India Ports Global Limited (IPGL) – India formed IPGL, a joint venture company, to operate and manage terminal operations at Shahid Beheshti Port.

Operational Progress – India has supplied cranes, cargo handling equipment, and other port infrastructure. Several consignments to Afghanistan have already been routed through Chabahar.

Integration with INSTC – India is pushing for deeper integration of Chabahar with INSTC routes to ensure operational synergy and resilience against sanctions.

Long-term Vision – Position Chabahar as a "Trade Gateway to Eurasia." Promote energy, logistics, and connectivity partnerships involving Iran, Russia, and Central Asian states. Use diplomatic engagement to negotiate waivers and neutralize sanction impacts.

Conclusion

The Chabahar Port Project is more than a maritime infrastructure initiative — it is a geostrategic investment in India's connectivity diplomacy. It reflects India's "Act West Policy", complementing its "Act East Policy", and strengthens India's position as a link between South Asia and Eurasia. Despite challenges from sanctions and regional instability, continued commitment and strategic balancing can help India realize Chabahar's full potential as a gateway to Central Asia and beyond.

Source – <https://www.thehindu.com/news/national/india-six-month-waiver-us-sanctions-on-chabahar-port/article70220724.ece>