

Iran Pulse No. 63 • 18 December 2013

INDIA'S CONSTRUCTION OF IRAN'S CHABAHAR PORT TRANSFORMS TEHRAN'S INTERNATIONAL STRATEGIC POSITION

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Map source: [The Hindu](#), May, 5, 2013

The November 24th Interim Nuclear Agreement between Iran and the Six Powers provides for the limited easing of trade restrictions on strategic items such as petrochemicals products, aircraft parts, and precious metals, accounting for up to US\$7 billion of trade over the next six months. With the prospect of *even wider Iranian trade in the near future*, India's

construction of Iran's first deep-water port to meet modern shipping standards will radically transform Iran's geo-strategic position, breaking the international economic pressure on Tehran and transforming Iran into the key transit link for the most cost-effective transportation corridor for European-Indian Ocean trade. While Iran and India traditionally have been allies in Afghanistan against Pakistan, New Delhi's drive to construct a deep-sea port at the Iranian city of Chabahar along with transportation corridors running northward has been motivated by New Delhi's economic rivalry with Beijing. For Iran, it means a centrally important position in the emerging pattern of trade between Europe and an ascending Asia.

One of Iran's strategic weaknesses is its lack of deep-water ports. Iran's southern ports, such as Bandar Abbas which handles 85% of Iranian seaborne trade, can only receive the 100,000 ton cargo ships for docking. Since most shipping is conducted on 250,000 ton cargo vessels, cargo must first be offloaded in the United Arab Emirates and then sent on smaller ships which then can dock in Iran. Aside from the hundreds of millions of dollars lost to the UAE, Iran is also vulnerable to a UAE closure of its seaborne trade in the case of conflict between Iran and the UAE or its GCC and Western allies. Unlike Bandar Abbas which is located in the congested waters of the Straits of Hormuz, subject to constant U.S. naval patrol, Chabahar is located further east and is the only Iranian port with direct access to the Indian Ocean.

For India, the Chabahar port will serve as the Indian Ocean outlet for New Delhi's grand International North-South Transit Corridor (INSTC) initiative. With India's overland access to Central Asia is blocked by Pakistan, the Chabahar deep-sea port and the INSTC running

northward through Iran and Afghanistan will provide New Delhi vital access to Central Asian, Russian, and ultimately European markets, enabling India to effectively compete with China. Compared to the current Indian Ocean-European transport route via the Red Sea, Suez Canal, and the Mediterranean, the Chabahar-based INSTC is estimated to be 40% shorter and will reduce the cost of Indian trade by 30% (Meena Singh Roy, [Strategic Analysis](#), November 2012).

India began developing the Chabahar port in 2002 in response to China's construction of a deep-water port at Gwadar, Pakistan, approximately 72km east of Chabahar (Samanta Pranab Dhal, [The Indian Express](#), March 24, 2012). An extension of the enduring Sino-Pakistani strategic partnership, the Gwadar port provides China with a long-sought-after, land-accessible port on the Indian Ocean. The US\$248 million first phase of the port was completed in 2006. The US\$1 billion second phase of the port construction will develop two oil terminals and an oil pipeline that will carry energy from Gwadar directly into China. The Sino-Pakistani oil pipeline will provide China with an alternative route for Persian Gulf energy, which would alleviate China's need to transport oil around the Indian Subcontinent and through the increasingly disputed territorial waters of the South China Sea. The route will be cheaper, less vulnerable and give Beijing greater freedom of action to pursue its claims to sovereignty over the South China Sea (Micha'el Tanchum, [East Asia Forum](#) December 6, 2013).

Until 2012, India ceased construction of the Chabahar port under pressure from the United States as part of Washington's efforts to toughen the international sanctions against Iran. However, when a Chinese state-owned firm took over administration of the Gwadar port from a Singaporean company in 2012, New Delhi resumed construction of the Chabahar overriding Washington's objections. Whereas the original Chabahar port project and transit corridors involved a trilateral agreement between Iran, India, and Russia, the Indian-led 2012 resumption of the project involves the participation of eleven additional countries from Middle East, the Caucasus, Central Asia, and Europe, each lured by the benefits of easier access to the Indian Ocean.

New Delhi's INSTC includes a highway running from the Iranian port through Afghanistan. In addition to India's US\$ 100 million investment in Chabahar, New Delhi has already completed a 200km road from the Iranian bordertown of Zaranj to Delaram in Afghanistan. India has also assisted in the construction of the Iranian portion of the highway from Chabahar to Zaranj. India is also planning to build a parallel 900km railway from Chabahar to the iron-ore rich Hajigak region of Afghanistan's Bamiyan province. Home to the oppressed Shi'i Hazara ethnic group, Bamiyan's substantial iron may become a major source of income for the Iranian sympathetic population. The Chabahar port will serve as a cost-effective outlet to bring the iron deposits to market ([The Telegraph](#), November 2, 2011). Trade between Afghanistan and Chabahar will bolster Iranian and Indian influence in Afghanistan after NATO's 2014 withdrawal, providing a measure of counter-balance to Pakistani influence.

Although there are no signs of any significant Indian-Iranian naval cooperation, commercial maritime cooperation and joint transportation infrastructure development has elevated the level of Indo-Iranian strategic cooperation (Harsh V. Pant, *The Washington Quarterly*, 2011). Moreover, the Chabahar port and the INSTC will place Iran at the center of a Eurasian transport corridor for international trade in which significant number of nations are developing vital economic interests. As the INSTC nears operation, the time-window is diminishing to apply tougher economic pressure on Iran to abandon its nuclear weapons program. While India will secure cost-effective access to markets in Central Asia, Russia, and Europe vital for its future economic growth, Iran will secure a position in the world economy less vulnerable to international pressure■

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