



A Shadow over Chabahar's Fate

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ABSTRACT

Afghanistan's willingness to accept China's offer to join its ambitious China Pakistan Economic Corridor (CPEC) and the possibility of Russian support to Chabahar lends a new nuance to the contestation brewing between India, China and Pakistan.

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INTRODUCTION

The Chabahar port, sitting on the coast of the Gulf of Oman, was inaugurated by Iran's President Hassan Rouhani in early December 2017. Earlier, Chabahar's management was offered to India by Tehran much before its scheduled time. A few weeks after Chabahar's inauguration, China, which is funding a neighbourhood port in Pakistan's Gwadar, made its move. During a trilateral summit of China, Pakistan and Afghanistan in Beijing in late December, Chinese Foreign Minister Wang Yi offered to link Afghanistan with the US\$53-billion project, the China Pakistan Economic Corridor (CPEC). CPEC aims to connect Gwadar with Kashgar in China through an area disputed by India. Wang announced that Kabul was willing to join the CPEC. Where does this leave India's objective of using Chabahar to side-step Pakistan to transport its goods to Afghanistan and beyond?

China said that the CPEC or the offer made to Afghanistan was not directed at any country (read: India). Iran's President Rouhani had similarly tried to put the fears of Pakistan and China to rest when he was flagging off the Chabahar port. Their anxieties stemmed from the Indian investment in the development of the strategically significant Iranian port and how it could not just make Gwadar unviable, but also threaten its security. Therefore, both China and Iran may be giving the impression that all is well with the two projects. Yet that is hardly the case. Both countries and their neighbours are aware of the strategic importance of these ports; they are conscious of how the waters of the Oman Sea could be the stage for future power contests in the region. Crucial in this face-off are the roles of the US and Russia, both major players in the region.

WHY IS CHABAHAR IMPORTANT?

Chabahar was always part of Tsar Russia's quest for a warm water port. British diplomat and author Olaf Caroe, in his book *Wells of Fire*, wrote about the Russian government sending officials of the ministry of roads and port at the turn of the century to scout for a port. They found Chabahar's climate more moderate than the Gwadar Road. Russia, however, failed to build on its plans as the revolution would throw out the Tsar regime. Thereafter, its successor state, Soviet Union, invaded Afghanistan to prevent an imperial Iran from enlarging its influence in Kabul. Shortly thereafter, in 1979, the Shah of Iran Reza Pahlavi was ousted in an Islamic Revolution in Tehran — an epochal event that sharpened the sectarian divide amongst Muslims and also changed the balance of power in the region.

Twenty-nine years later, the region, having survived various forms of political and social convulsion, is presenting an opportunity to Russia to fulfil its objective of accessing the all-season ports of Bandar Abbas and Chabahar in Iran. Russia can do this by activating its North-South Corridor which provides a road and sea route between Europe and India. In many ways, the viability of Chabahar Port would be determined by its ability not only to restore India's trade links with Afghanistan, but also explore cheaper and quicker trade routes to West Asia, Africa and Europe. A test run of some Indian shipment from Kandla port in Gujarat through Bandar Abbas port of Iran and beyond saw a reduction of 21 days of travel compared to taking the Suez Canal. Both Russia and Iran, ravaged by economic sanctions, give great importance on revenue earned through transshipment. In 2016, Iran earned more from goods being transhipped through its country than the sale of oil and gas.

Both Iran and Russia see the economic value in opening up new land routes and waterways. Iran is surrounded by seven countries and Russia, 14. Both provide a compelling logic for creating land and sea corridors that can safely provide passage to trade consignments to many countries. It is for these reasons that during a visit to Delhi, Russian Foreign Minister Sergey Lavrov said, in reply to a question on joining China's CPEC, "Russia has its own corridors and has large territory for such corridors and connectivity initiatives." Russia, which is largely bypassed by the Belt and Road Initiative (BRI), has signed a cooperation agreement with China as part of the Eurasian Economic Union (EEU). It is hoping that it will gain from the various corridors being promoted by different countries. Indeed, the possibility of Russian support to Chabahar port lends more complexity to the contestation brewing between India, China and Pakistan.

The Pakistani leadership had not expected the Iranian port to get activated so soon and was caught unawares by India's decision to dispatch the wheat consignment through Chabahar to Kabul two days after US Secretary of State Rex Tillerson's visit to Delhi. The move was seen as the US' nod of approval and an assurance that the country would not come in the way of the business ties between India and Iran. Moreover, New Delhi's engagement with Kabul neatly fits with US President Donald Trump's new Afghan policy that demands more from India in stabilising the war-torn country.

Though India has been preparing to send the wheat shipment to Kabul and Herat for some time, it kept the date classified information. Sources reveal that the Iranian ambassador to India, Gholamreza Ansari, was asked by Delhi if it was possible for his country's Foreign Minister Javed Zarif to mark his

presence through a video conference when the shipment was flagged off from the Indian port of Kandla on 27 October 2017. The Iranian foreign minister could not make it to the programme; but the message was sent out loud and clear that Chabahar was ready for business. In fact, the port and its free zone have been ready for quite some time before that. When this author visited the Chabahar Port in 2016, the infrastructure appeared ready to receive Indian ships. Iranian officials in Tehran expressed surprise to this author that Indian vessels were yet to make friendly calls to the port to establish their presence. No one was in doubt whether in Delhi or in Tehran about who was to run this Iranian port: India.

Ancient traveller El-Beruni believed Chabahar—or Tiz as it was called then—to be the starting point of the Indian sub-continent. Besides its four seasons, the people here speak fluent Hindustani, which they call 'Urdu'. This may have to do with its proximity to Pakistan as well as the popularity of Bollywood films in these parts.

Discussions on building the Chabahar port began during the era of the Shah of Iran, who wanted to bring in some US companies to establish the infrastructure around the port. The Islamic Revolution of 1979 stalled the development, but this port was used by the Iranian Navy to keep its fleet protected from Iraqi threat. Even now, Chabahar's strength remains its distance from the troubled waters of Strait of Hormuz, where Bandar Abbas is located. The Strait of Hormuz sits between the Gulf of Oman and the Persian Gulf from where some 14 oil tankers pass every day. UAE contests Iran's ownership of the Strait and there are always fears that this contestation could trigger another oil crisis.

In 2016, Indian Prime Minister Narendra Modi signed the trilateral transit agreement that included Afghanistan and Iran. A trade corridor was conceived that originated in Chabahar and culminated in Afghanistan. India promised to invest US\$500 million in the development of a berth in its port Shahid Beheshti. India also committed to spend \$1.2 billion to construct a railway line from the port to the Iranian border town of Zahedan. This was to link, later, with the Iranian railway network. Indian Shipping and Transport Minister Nitin Gadkari, during his visit to Tehran for the swearing in of Iran's President Rouhani's second term in August 2017, had reiterated India's commitment to Chabahar, saying it would be a "gateway to golden opportunities". He also announced that the port would be operational by 2018. All this was welcome news for the Iranian authorities, who were getting impatient at the glacial pace with which India was executing the project. Before Gadkari's trip, Iran had

conveyed to India that it would consider giving the project to China, who had already invested \$53 billion in the nearby Gwadar port project in Pakistan. For China, on the other hand, it would have made sense to get the strategic Iranian port to not only increase the viability of its investment in Pakistan, but also counter India's challenge in nearby waters.

That the Iranian threat was hollow was apparent from the outset. Many Indian analysts had prematurely announced the death of Chabahar, saying that the Iranian government would not dare antagonise Trump's government. This proved to be a flawed assumption. This author was in Tehran a day before the results of the US elections were to be announced in November 2016. At that time, Iranians were hoping that the dice rolls in favour of Trump and not Hillary Clinton, who in their reckoning was a hawk and mixed up with Israel. The Iranian assessment was based on how Trump during his campaign had targeted "fake news" and blamed Clinton and the US' "deep state" for much of the tension in the Middle East. As the results were declared, Tehran's media and bureaucracy rejoiced that Clinton had lost, and that a businessman would be the president of the US. Trump has since proved himself far more "hawkish" and "pro-Israel" than Tehran's intelligentsia had expected. He has threatened to annul the nuclear deal with Iran and has backed Israel and Saudi Arabia's narrative on the enlargement of the Shia crescent. However, Iran continues to draw comfort from the fact that Trump has not done them much harm, despite his early pronouncements.

Iranian officials interviewed by this author said that India used the dispatch of the wheat shipment to exercise strategic autonomy. As discussed earlier, Iran was caught off-guard when the Indian government announced their decision to move the shipment and sought Zarif's presence through a video conference to flag it off. The shipment helped in announcing the activation of the Chabahar port, which surprised Pakistan and China as they thought that India did not have the courage to move fast on Chabahar lest they antagonise the US. They drew solace from reports that Iran had put on hold various deals with India, including oil field Farzad-B, due to both Indian sloth and intransigence on pricing. They saw far too much in Russian President Vladimir Putin's one-day visit to Tehran in November 2017 without reading the fine-print of the \$20-billion worth of oil deals that he had signed. An Iranian official told this author that Farzad-B was not included in the Russian deal, but many in the Indian media reports had already declared "death to the Farzad-B deal." Iranian officials took pains to explain that President Rouhani was clear that Chabahar Port and Farzad- B should go to India. Negotiators were told that as long as Iran was not seen as giving away too much or incurring losses on Farzad-

B, it should sign the deal with New Delhi. Negotiations were still on at the time of the writing of this report.

Similarly, the Indian media continued to report that Iran was on the cusp of giving control of Chabahar to China when they had in reality sent this offer to India two years ahead of schedule. While making clear its strategic choice, Iran was keen to put the fears of Pakistan and China to rest. President Rouhani presented Chabahar as an international commercial port and invited other countries to invest in its sprawling free zone.

Chabahar's activation worried Pakistan, who sent its Army Chief to Kabul with an offer of a new trade and transit treaty that they are refusing to negotiate till Indian trucks are allowed to come to their border. Pakistan does not allow Indian trucks to transit through their territory to Afghanistan. It may be possible to spurn Pakistan, but not when China provides heft to the offer of extending CPEC to Afghanistan. After the trilateral summit in Beijing, China's foreign minister announced that Afghanistan was willing to join the CPEC—this could jeopardise India's plans till there is a strong strategic logic for India to stay invested in the Iran project, even with Afghanistan's ambivalence.

It is here that Russia, through its 7,200-kilometer North-South Transport Corridor, provides the justification for India to remain invested in Chabahar and Iran. This route cuts down the travel time to Europe by 40 percent, therefore reducing costs. It holds clear economic logic to use the road route for those who are shipping their goods as well as those who benefit from transit fees. Iran, for instance, claims that it has fulfilled not even 10 percent of the transshipment potential.

CONCLUSION

Russia is cognisant of India's problems with CPEC as it passes through the disputed area near Karakoram Highway and will not want to get caught in the cross-fire between India, Pakistan and China. Russia is suggesting some corrections in CPEC to take care of India's concerns; it will mean connecting India through Lahore. This scenario seems impossible at the moment, but China would not like its investment to be compromised by India-Pakistan tensions. Therefore, there are various suggestions within the diplomatic circles about what it would take for India to join BRI. The manner in which China has encroached into India's influence in its well-guarded neighbourhood has compelled New Delhi to engage in serious introspection. Recently, a former

head of state was in Delhi, carrying a message from Beijing to ascertain what it will take for India to join the BRI.

All these diplomatic moves may cast a shadow over Chabahar's fate if it is only meant to provide an alternative route to Afghanistan to trade with India and other countries. These doubts have also emerged in Delhi where there are fears that its investment in Afghanistan cannot be saved if Pakistan increases its influence through the Taliban. If that happens, then Chabahar would have to realign itself with central Asia and the North-South Corridor to maintain viability. Russians are also hopeful that Chabahar, which is likely to attract Japanese investment, could join the Eurasian Economic Group that President Putin is pushing vigorously.

Indeed, the rules and the goal posts in this game are far from settled. 

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