

Development of Chabahar Port: Challenges and Implications for Pakistan and CPEC

by

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Abstract

India, Iran, and Afghanistan signed trade agreements and corridor links, which will allow India's access to Afghanistan via Iranian Chabahar port. The Chabahar route to Afghanistan will allow Indian goods to arrive at Kabul by sidelining the Pakistan land route. The port politics in the Indian oceans start a new debate about the state's economic and strategic interest. In this paper, an objective analysis of the Chabahar port and Indian vested interests in this project has been discussed in detail. With Indian presence in the Chabahar, Pakistan faces various strategic challenges and implications that are also pinpointed along with policy recommendations to offset the problem in the best interest of Pakistan.

Keywords: Development of Chabahar Port, Pakistan, CPEC, Iran's Chabahar port, Chattagram, geo-strategic situation

Introduction:

Indian access to Chabahar Port raises many economic and strategic concerns for Pakistan and the China Pakistan Economic Corridor (CPEC). These strategic concerns for Pakistan reached the next level when India signed an agreement with Oman regarding Datum Port. Most recently, India also signed agreements with Bangladesh that enabled her to use Chattagram and Mongla ports for goods movement to the North-East This symbolizes new great game and war of port in the Indian Ocean region. The world powers' interests are changing in the Indian Ocean. The changed geostrategic situation of the region dragged states in the competition as well as cooperation. States by making new alliances reshape their relations in the region according to their national interests. While comparing Chabahar port with Gwadar Port latter's scope in tonnage capacity, size and location make it more attractive to Afghanistan, Central Asian Republics (CARs), Russia, China, and world powers than Former. Chabahar port provides an alternative trade route to India by sidelining Pakistan to reach Afghanistan and CARs. The Iranian leadership is also inviting China and Pakistan to invest in Chabahar and link Gwadar with it. So, the situation needs careful handling of affairs. In this scenario, Pakistan needs to do a lot to counter Indian aspiration of isolating Pakistan in the region, dismantling the CPEC, and reducing Pakistan's strategic and uplifting economic leverage in the region. Pakistan needs proactive foreign policy and speedy work on the CPEC. In this age of complex interdependence, Pakistan is in dire need to re-evaluate its engagement with Neighboring countries, Middle Eastern Friends, CARs, Russia, and China while keeping in view the Indian access to Iran's Chabahar port (Wikipedia, 2019; Daniels, 2013).

Significance of Gwadar in the Region:

Gwadar port is important to warm water and the deep seaport of Pakistan. Its proximity to Strait of Hormuz, a key maritime route for oil-producing states, makes it more attractive in the world. Gwadar port would connect three regions, i.e. Central Asia, South Asia, and the Middle East. It is located almost 700 km away from Karachi and about 75 km from the Iranian Chabahar port. It provides the shortest passage to China for its exports and imports. China imports almost 60 percent of its oil from Gulf countries which reach to china through Indian and Pacific oceans after covering 16000 km in three-month time. Contrary, China materializes energy and trade activities through the land route of Pakistan within five days just covering the distance of 2000 km. It is for this reason China is building the Gwadar port and road networks of Pakistan.

Gwadar will also be useful for Afghanistan, Central Asian Republics, and Russia for its trade activities. Russia and CARs expressed the desire to be part of CPEC for the peace and prosperity of the region. Even, India can also use Pakistan's land routes for its exports and imports to Afghanistan and CARs. In this way, Gwadar will help Pakistan to keep vigil eyes on the sea line of communications (SLOCs) originating from the Persian Gulf and the Strait of Hormuz. Gwadar is at distance from India which will give strategic leverage to Pakistan vis-à-vis India and help Pakistan to control the oil sea routes and trade links among regions like South Asia, Africa, Central Asia, and Western Asia.

Chabahar And India:

Chabahar is Iran's southern port which is one the best access point to the Indian Ocean. India sees its trade link with Afghanistan and CARs via Iran through Chabahar. It is for this reason; India is heavily invested in the development of Chabahar and received operational rights of Chabahar ports from Iran for eighteen months. Iran declared port a Free Trade Zone. The distance from Kandla port in Gujarat to Chabahar is 550 nautical miles (around 1018 km) and that from Chabahar to Mumbai is 786 nautical miles (1454 km). India is building two containers berths with a length of 40 meters and three multi-cargo berths by investing \$85 million.

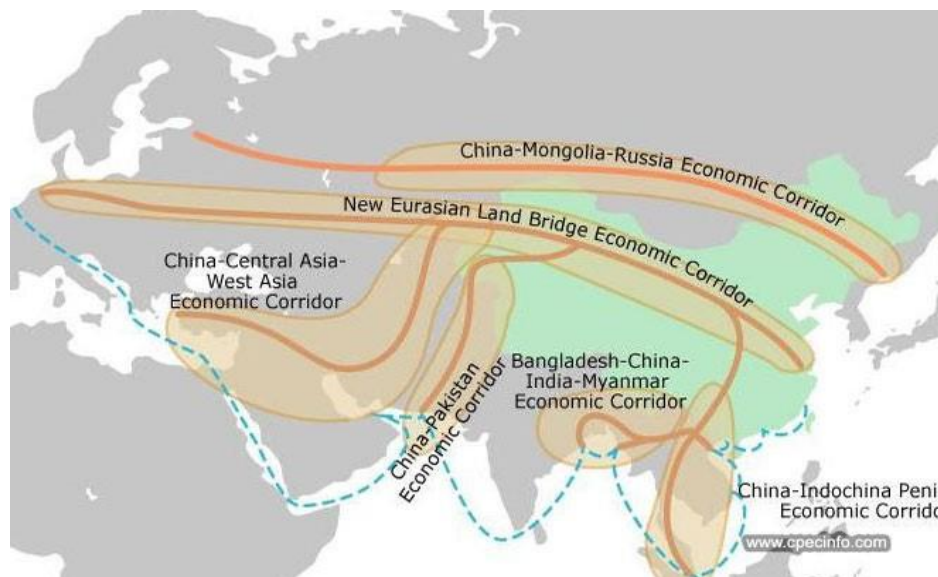


Fig 1. China Pakistan Economic Corridor (CPEC)

Chabahar provides an opportunity for India to revive its trade link with Afghanistan and counter China's "Strings of Pearl" policy in the Indian oceans. Afghanistan views Chabahar as another gateway to the outer world for its exports and imports especially with India by sidelining Pakistan's land routes and ports. Iran also ends its isolation in the international community through Indian investment. This competitive environment and development of ports by different states create new challenges for the regional states.

Pakistan-Iran Relations:

Pakistan-Iran relations remain warm and time tested in the need of an hour. Strains and divergence have also been observed in their relations. Occasionally despite ups and downs, both states have maintained cordial relations with one other. It has remained a challenge for Pakistan to balance its relations with Iran and Saudi Arabia. Iranian leadership fully understands the gravity of relations between the two brotherly countries. As, On June 26, 2017, during his national Eid address, Iranian Supreme Leader Ayatollah Khamenei, while deliberating on the "wounds inflicted upon the Islamic ummah", called upon the Muslim world to support the Kashmiris and not condone atrocities committed by 'oppressors' attacking them. Then again on July 3, 2017, during a meeting with Iran's chief justice, the Ayatollah called on the Iranian judiciary to express support for the Kashmir cause, advising it to develop supportive legal positions for the Kashmiris. Iran's foreign ministry has also voiced its concern over the recent killings of Kashmiri civilians by Indian armed forces in Kashmir (Django, 2017).

Significantly, some high-ranking Iranian parliamentarians have also criticized Mr. Zarif over his office's failure to clarify its position on Kashmir. One of them has demanded that the government should rebuke the Indian government over the crimes it is committing against Kashmiris. In this regard, he has cited Article 3 (16), Article 152, and Article 154 of Iran's constitution, under which Iranian foreign policy is required to be set and formulated for the defense of all Muslims and peoples facing oppression. These laws require a strict commitment by the government to fighting oppression and aiding the oppressed in securing equal protection, freedom, and justice.

How Gwadar is at Edge as Compared to Chabahar:

This is the first time that an India state-owned company is holding management of any foreign port with such vigor. Chabahar is at distance with the Indian navy's functional ports like (Mumbai, Kolkata, and Goa) in the Indian Ocean Regions. SLOCs between Indian and Iran would also be subject to the active monitoring of a strong Pakistani Navy, which would keep a hawk-eyed watch on the high seas and adjacent international waters. On the contrary, Gwadar is not only developed by China — which has a wealth of experience in overseas infrastructure projects — but also handed over to china for operational control.

Security conditions in Afghanistan and the Central Asian States are inadequate. It will not allow Indian goods to reach the destination easily. India has developed cordial relations with the successive post-2001 government of Afghanistan together with its \$2 billion investment. Besides, the Taliban, the strong insurgent groups in Afghanistan have no love for India and even sometimes Iran, since both historically supported the anti-Taliban Northern Alliance. Gwadar is also witnessing security issues since Baluchistan province is subject to low-scale belligerency. On-going Operation like Rad-ul-Fasad and federal government commitments to the development of Baluchistan decreased the scope and extent of Separatist elements there as per media reports every month a number of militant groups have voluntarily surrendered to security agencies.

Chabahar port's viability is measured on the scale of the US-Iran relations and Iran-China relations. President Trump time and again tweets against Iran Nuclear deal and threatens with sanctions. In this way, even after getting access to Chabahar port New Delhi will not get the benefits as it is aspiring for. China is also one of the trading partners of Iran and the latter expressed desire to become an active member of the One, Belt One Road policy of China. Iran's leaders of every rank showed a keen interest in the CPEC. Pakistan government formally invited Tehran to join CPEC that is accepted with an open heart. Iran termed Chabahar as the sister port of Gwadar. As on inauguration day of Port, President said. Further, Supreme Leader Ayatollah Ali Khamenei has vowed that Iran "will not cooperate with America over the regional crisis, their aims in the region are 180 degrees opposed to Iran's."

Cultural Commonalities between Pakistan and Afghanistan drag Gwadar to an advantageous position. Pakistan has been providing shelter to Afghan Refugees, sharing religious homogeneity with Afghan People, cultural diffusion. Although Indo-afghan relations are converged on many fronts, Pakistan's role and influence are in Afghanistan will not weaken. The strong commitment of Pakistan and China to complete the CPEC and Iran's leadership desire to become part of BRI leads Gwadar to an advantageous position.

Pakistan and China relations are converged on many fronts. They do not have any economic competition. Chinese investment in Pakistan is also intended to develop a trading corridor with the rest of Asia, and Pakistan would not become a hurdle in China's desire to reach the Middle East and the Persian Gulf. Conversely, India-Iran dynamics are quite different. After the July 2015 agreement, Tehran is trying its level best to come into the mainstream international arena by accelerating trade in order to put its jammed economic wheel back on track (Fazil, 2016). Iran will not allow India's Central Asian dream to come true at the cost of Iranian interests (Bin Ahsen, 2019).

Once the Gwadar fully operationalized, its natural Layout and depth will facilitate the largest ships to dock there, whereas both Chabahar and Dubai lack these advantages. The maximum planned capacity of Chabahar is 10 to 12 million tons per annum while Gwadar's will be 300 million to 400 million tons once it reaches complete capacity and a city of 2 million residents is also projected in the vicinity of Gwadar. If things go according to plan and the port operates in full capacity, Gwadar could outstrip all of the Indian ports that collectively handle 500 million tons a year.

In sum up, it goes without saying that Gwadar is at the edge as compared to Chabahar in every respect as discussed above. The Indian presence at Chabahar created some economic and strategic challenges for Pakistan that are discussed in the following paragraphs:

Economic Challenges for Pakistan due to Chabahar Port:

Indian Access to Chabahar port does not display any strong economic challenges for Pakistan and the CPEC. Economically Chabahar damaged Pakistan to take additional advantages from the CPEC and Gwadar. The main vision behind the CPEC and Gwadar development is to connect China's Xinjiang Province and Pakistan Baluchistan's Gwadar Port through road and rail links for energy requirements, exports, and imports to West Asia, Gulf States and beyond. China and Pakistan speedily work on the projects of the CPEC and Development of Gwadar. Gwadar is at the edge in every respect as discussed above and will generate huge economic activities that lead Pakistan to the road of peace and prosperity. This aspiration is also envisioned by the Planning Commission of Pakistan in Pakistan's Vision 2025 to make Pakistan the next "Asian Tiger" and "top ten World Economy by 2047". New Delhi's foothold over Iran's

Chabahar will not give any immediate economic challenge to Islamabad and Beijing. A few hindrances are created to restrict Pakistan's Economic Upward Trajectory. For instances;

- i. India by developing Chabahar finds an alternative route to reach Afghanistan. This will reduce Pakistan's economic clout that it has through providing trade and transit facility and link between India and Afghanistan.
- ii. Chabahar will directly affect that trade relations between Pakistan and Afghanistan. Pakistan and Afghanistan have an understanding regarding trade and transit under Afghanistan Pakistan Transit Trade Agreement (APTTA). This agreement came into force on 12 June, 2011. Bilateral trade between Pakistan and Afghanistan move downward from \$ 2 billion to mere & 500 million in last three years. This will further deteriorate once India fully operationalize Chabahar port and capture the markets of Afghanistan
- iii. Pakistan- Iran agreed to bring bilateral trade up to \$5 billion dollar annually against current \$ 1.5 billion dollar in the next five years. This target may also be disturbed through Indian increasing trade with Iran via Chabahar.
- iv. Iran and India are also part of International North-South Transport Corridor (INSTC) which aimed to develop links among India, Russia, Iran, Europe and Central Asia. This will slow down additional economic benefits to Pakistan that are expected through the CPEC and Gwadar deep sea port. Gwadar offers trade and transit corridors to Central Asia, Russia and Afghanistan along with China. Chabahar close proximity will bring it in partial competition with Gwadar.
- v. Pakistan's major exports items like cereal, sugar raw and refined, rice, fruits, animal and vegetable oil, dairy products, medical & pharmaceuticals products etc. may find a tough competition in the Afghanistan's market due to floods of Indian products there via Chabahar.
- vi. Afghanistan mainly uses Karachi and Qasim Port for its exports and imports to other countries like Gulf States, Africa, America and Europe. Through Chabahar Afghanistan acquired an alternative route. Afghanistan received observer status in World Trade Organization-WTO and is in process to gain full membership. Moreover, Afghanistan is currently eligible for preferential import duties under the European Union's (EU) "Everything but Arms" Initiative (EBA), the United States' Generalized System of Preferences (GSP) program as well as Least Development Countries-LDC preferences granted by Canada and Japan. This expected increasing trade activities will bring transit revenues for Pakistan. Conversely, Chabahar will minutely dented this economic benefit to Pakistan by offering Afghanistan an alternative access to sea routes.
- vii. Apart from developing the port, India is planning to lay a pipeline to transport oil and gas resources from Turkmenistan through Afghanistan into Iran and from there to Gujarat. This way, India will bypass Pakistan, although it provides a much shorter route under the TAPI (Turkmenistan-Afghanistan-Pakistan-India) project for transporting oil resources to India.

Strategic Challenges for Pakistan Due to Chabahar Port:

The strategic environment of the region depicts competition among regional and Major Powers. China under its strategic vision is connecting the different regions of the world through BRI. China, by following the "Strings of Pearls" policy, is trying to secure strong footholds in

the Indian Ocean. The US sees it as a great challenge to its Status Quo and shifting of International Power Hierarchy from Uni-Polar world to Multi-Polarity. In this background, the US is promoting India to contain China with the region and opposing every move that goes in favor of China in the region. In this strategic Environment Pakistan very carefully aligned itself to China. India by developing Chabahar is trying “to kill two birds with one stone”. With this India complete its ancient dream to encircle Pakistan Strategically, while Pakistan comes across the following strategic challenges:

- i. India through this project boasts its Navy status by aspiring it as a blue water Navy by operating in the Indian Ocean and Gulf of Oman.
- ii. Trade through Chabahar port can also give strategic leverage in hands of Afghanistan to pressurize Pakistan by saying that if Pakistan wants to have trade with Central Asia through Afghanistan; it has to allow Afghanistan to trade with India through Pakistan (CsrsAdmin, 2017). Indian presence at Chabahar allowed her to fuel secessionist movement in Sistan Baluchistan and Pakistan Province of Baluchistan. It is more evident from the fact that once an Indian Navy serving Commander Kulbushan Jadev captured by Pakistan Agencies from Baluchistan who was on a mission to sabotage the CPEC and fueled secessionist activities there.
- iii. Through the Chabahar port, India can increase its clout in Central Asia, something that India could never do through the transit ports in Pakistan.
- iv. Chabahar also provides an opportunity for India to monitor the cargo ships of China and Pakistan.
- v. In addition to Chabahar, New Delhi also signed a deal with Oman and Bangladesh for the use of port facilities. This will also enhance the strategic influence of India in the Indian Ocean and help it to keep a vigil on Chinese activities.

Concluding analysis:

Central Asia has just 50 million populations which will not be a huge market for Indian goods. Sending goods to Central Asia will cost India twice expensive through Chabahar than sending goods overland across Pakistan. In this way, Indian goods would be less competitive than Chinese products shipped overland Pakistan. It is unfortunate for India that due to the proximity of Gwadar to Chabahar (only 75 km), Chabahar is in an area dominated by Pakistan Navy and therefore will always be irritant for India reducing Indian strategic clout. Afghan government which is a signatory to Afghanistan- India trade partnership of Chabahar, does not exercise full command and control over the majority of Afghanistan, particularly the Southern Afghanistan region which is controlled by Afghan Mujahideen. Pakistan has connections with many major tribes of Mujahideen and can influence them, while, on the contrary, India and the Mujahideen do not have a commonality of interests with each other.

The mutual relationship between Pakistan and China is tried and tested. Both have successfully worked on various economic, social, and military projects and they have aligned economic, military and strategic goals that lead them to significant mutual understanding and trust not only between governments but between the peoples of these two countries also. Therefore, working together for the CPEC is not considered a challenge for them but working with India and Iran together is a challenge due to the lacking element of mutual trust and understanding between these two countries. Iran shares borders and religious and cultural ties

with Pakistan and will not easily fall prey to India's traditional animosity for Pakistan. Approximately 25 % of the population of Pakistan in very high esteem holds Iran as not less than a religious center and this is a major cause of Iran – Pakistan ties. Subsequently, Iran is supporting Pakistan on Gwadar while India, which is not on good terms with China, is against it.

Policy Recommendations:

On the basis of this analysis, following points are recommended:

- i. For a particular country, its ports provide opportunities for regional businesses, economic integration, and innovation working as platforms. It is essential for catalyzing economic growth that the infrastructure of ports is developed to provide employment and facilitate trade whether through regional or extra-regional connectivity.
- ii. As the major shifts in geopolitics within this region are observed, Pakistan needs to be on good terms with friendly and supportive nations in South Asia reevaluating and redefining geostrategic space and beginning with further developing and improving ties with Iran, particularly social and religious.
- iii. Pakistan needs to remain focused on the implementation of CPEC instead of being distracted by the adversaries and their moves. No delays should be made due to internal or external pressure through politics, inefficiency, or corruption.
- iv. Pakistan and China should try to expand the use of the CPEC project. It must go beyond the development of infrastructure to encompass manufacture, consumer goods, housing, health, textiles, finance, and other sectors.
- v. The treats that CPEC faces adversaries of China and Pakistan must be dealt with force. Pakistan needs to maintain and reinforce good relationships with Saudi Arabia and Turkey so that the growing Indo-Iranian relationship may be balanced out.
- vi. Chabahar is not designed to compete with Gwadar or CPEC as assured by Iran. Both countries have many mutual interests that can be worked on together such as terrorism in Baluchistan, expansion in trade, and construction of the Iranian gas pipeline and a Gwadar-Chabahar economic corridor.
- vii. If India removes traditional animosity and irritants by resolving the Kashmir issue it can undoubtedly benefit India that it can avail the shortest route to Central Asia through Pakistan. India thus needs to live like good neighbors rather than investing in ambitious projects against Pakistan.
- viii. The dilemma facing Pakistan-Iran ties is that both countries currently operate under a trust deficit, with virtually no history of serious mutual confidence building. Instead, they often take half measures or indulge in tokenism in order to improve ties that do not have a major impact on trust-building in real terms. So, while high-level interaction, such as a visit by Gen Bajwa to Iran in November 2017, has led to a few reciprocal gestures of goodwill by Iran and some confidence-building between the two states, these have been short-lived at best.
- ix. Both Pakistan and Iran need to eliminate the trust deficit, which is currently plaguing their mutual relations and hurdling the creating of an enabling environment for meaningful confidence. The level of intermittent rhetoric should go beyond foreign ministers or advisers to address this trust deficit issue.

- x. Both countries must take the initiative and be bold and, as a matter of policy, make their official positions on significant matters clear to each other, especially regarding foreign relations. Domestically, Iran is sympathetic to the Kashmir cause, but it must clearly and openly voice its concerns about Indian-held Kashmir at all international forums and proactively offer to mediate in the dispute with the interests of the Kashmiris in mind. Similarly, Pakistan must also try to genuinely mediate between Saudi Arabia and Iran to lower hostilities between the two and it must refrain from any military adventurism in the Middle East.
- xi. The defensive approach should be shifted to a proactive one. The initiatives that lead to regional connectivity and may accelerate geopolitical rivalries should be focused and taken as success chiefly depends on developing consensus through multilateralism and economic and cultural diplomacy among the countries which act as regional players.
- xii. Gwadar Port of Pakistan is competent to make Pakistan among one of the leading economies of the region because it entails prodigious economic incentives for Pakistan and subsequently helps in being the center of its resurgence process. Gwadar will provide trade avenues shorter than Chabahar to the areas which are landlocked. Moreover, China will get a reduced cost and time-saving route through Gwadar for its trade, and therefore this port is going to help this anticipated superpower especially in meeting its energy requirements. All this makes Gwadar “The Golden Bird” for Pakistan.
- xiii. Hysteria has been created about the Chabahar port and while in reality, it is much lesser than Gwadar in potentials. Its projects seem fragile and crumbly because India and Iran retain infrastructural deficiencies and have internal security threats. Indian economy despite growing at a healthy pace of more than 7% per annum has challenges to keep it in line with population growth, inflation and poverty rates, decreasing exports and lack of infrastructure, etc. Moreover, the US has expressed reservations over India- Iran ties and the law and order situation on the Iranian side is not encouraging. All this together raises questions on the credibility of India’s promises with regards to the operating and smooth development of the Chabahar project.
- xiv. If both the projects and attended clutch of projects are taken up synergically by India and China, it can fuel all-out humans, economic, trade, and cultural development across South Asia and Central Asia, sweeping through Afghanistan and Iran (Pathak, 2018).
- xv. The entire region is in the grip of poverty and is prone to the growth of radical religious or ethnic currents which are opposed to all systems of government. If, however, rivalries intensify, the prevailing ethnic strife in the geographical domain has the potential of exacerbating such rivalries. Hopefully, both the regional powers and the global powers will convert their rivalries into partnerships for the betterment of all (Kissinger, 2014).

Conclusion:

To conclude, it can easily be anticipated that through effective administration, military, and diplomacy, Pakistan can utilize Gwadar Port to its maximum potential. Gwadar Port in this way will ensure successful and effective connectivity for Pakistan to the rest of the world. It is

also required because otherwise, Pakistan will be allowing India and Iran to reap all the benefits through Chabahar. Neither Indian access to Chabahar displays any immediate danger to Pakistan nor will Iranian leadership allow India to use Chabahar against Pakistan. Economically, the clout of Gwadar is higher than Chabahar but strategically poses a few challenges which can be removed by following the above-mentioned policy recommendations. Therefore, Pakistan needs to look into every move of regional and major countries with extra care and act with courage and commitment.

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