

U.S. sanction waiver on Chabahar port

Why in news?

\n\n

The US government recently announced a waiver to its sanctions on Indian investments in Chabahar port.

\n\n

How does it favour Afghanistan?

\n\n

\n

- India signed a trilateral connectivity deal in May 2016 with Iran and Afghanistan that allows it to bypass Pakistan and reach Europe and Central Asia.

\n

- The hub of this connectivity agreement is the Chabahar Port, whose management was given to India for 18 months.

\n

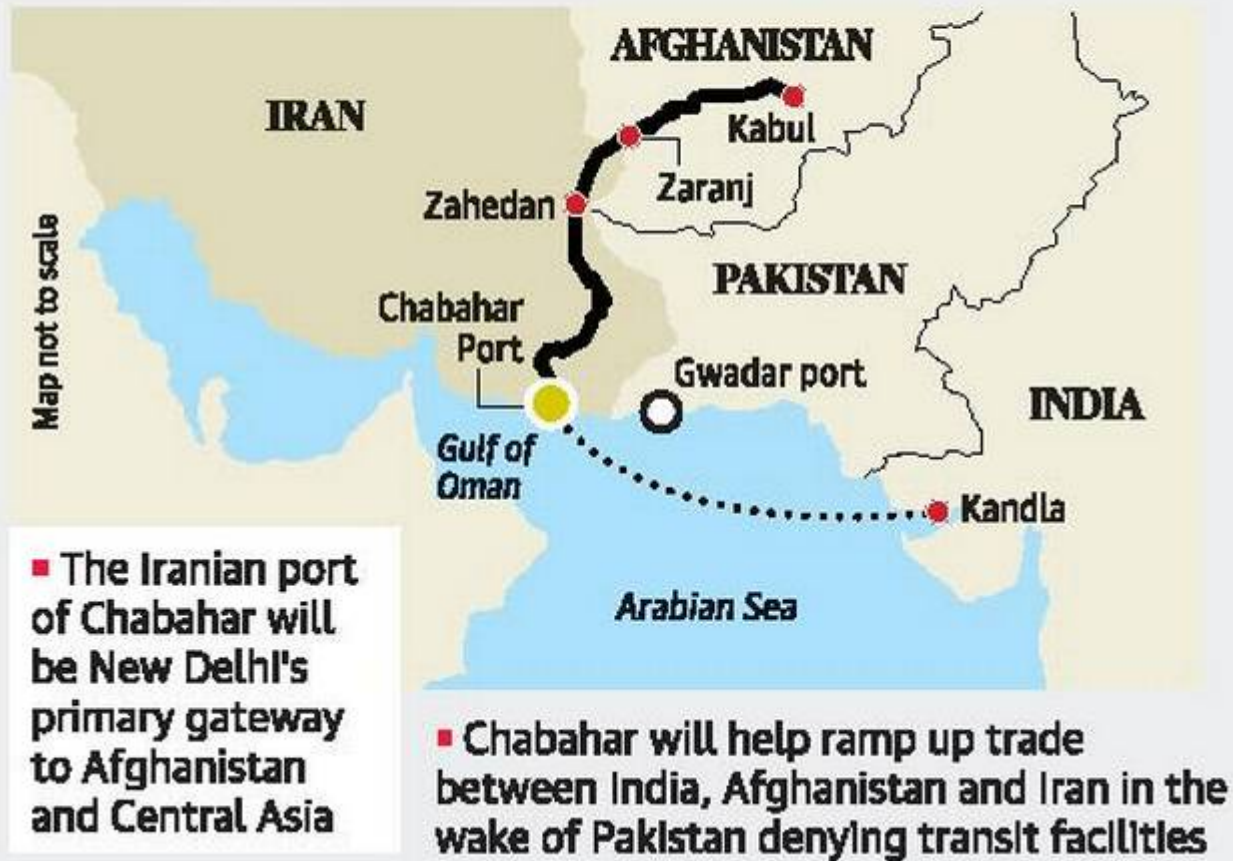
- Chabahar port represents the shortest route for Afghanistan to the sea.

\n

\n\n

Geo-strategic push

The consignment of wheat is the first of six shipments to be sent to Afghanistan over the next few months via Iran



\n\n

\n

- For Afghan traders, it is shorter than both Iran's Bandar Abbas port and Pakistan's Gwadar port.

\n

- Afghan businessmen will save 50% of their shipping costs when they use Chabahar.

\n

- India's first shipment of wheat in October 2017 through Chabahar port is an initial outcome in this regard.

\n

- Thus, Afghanistan view Chabahar as an opportunity to liberate themselves from the control that Pakistan exercises on their movement and their businesses.

\n

- Nearly 165 out of 500 Afghan companies are registered by the Chabahar Free Zone authority.

- \n
- Afghanistan is also planning to launch their own shipping line that will fly their national flag between Indian ports and Chabahar.

\n

\n\n

What are the concerns?

\n\n

- \n
- **Sanctions list** - Some of the Iranian companies in Chabahar are managed by Islamic Revolutionary Guards that are being accused of spreading terror in West Asia.
 - Hence, it is not clear how India will work with Iranian companies that are already in the sanction list of US.
 - **Finance** - The Indian government was also facing major banking hurdles in funding its infrastructural works.
 - It was trying to explore a rupee-riyal arrangement to hasten the port's progress as well pay for its oil purchases.
 - Under this system, India and Iran did not trade in international currencies like USD and preferred to trade in their local currencies.
 - **Communication** - Also, the US sanctions would prevent the use of SWIFT communication systems, which allows inter-bank transfer of funds.
 - Hence India was exploring to become part of the special purpose vehicle that the EU was creating to deal with Iran that allowed trading in euros, yuan and rouble.

\n

\n\n

What are the takeaways?

\n\n

- \n
- The port gives India a unique opportunity to capitalise on growing exports from current levels and embarking upon a new era of trade diplomacy with Afghanistan.
 - The waiver also gives Iran more options to deal with the stringent sanctions

that have been imposed by the US government after it withdrew from the P5+1 nuclear deal.

\n

\n\n

\n\n

Source: Business Line

\n\n

\n\n

\n\n

\n

