

New U.S. sanctions won't hit Chabahar port project, says Iran

Abbas Akhoundi in New Delhi on Friday. Shiv Kumar Pushpakar

Striking a defiant note over possible new sanctions against Tehran, Iran's Transport Minister Abbas Akhoundi has said the move will "isolate" the U.S., and rejected any worries that India's Chabahar project will be affected.

He has disclosed that Iranian President Hassan Rouhani will visit India to announce the final agreement on the project.

"We have seen European companies say they will still come to Iran, and Russian and Chinese companies are also still there. So I think that the U.S. would just be isolated if it does plan new sanctions, and I don't think we need to worry about an impact on Chabahar," Mr. Akhoundi told *The Hindu* in an interview during his visit here this week.

On Thursday, shortly ahead of a deadline for U.S. President Donald Trump to issue a waiver on Iranian compliance on the Joint Comprehensive Plan of Action (JCPOA) nuclear agreement, U.S. Treasury Secretary Steve Mnuchin told presspersons that he "expects new sanctions" against Iran.

"We continue to look at [sanctions]. We've rolled them out, and I think you can expect there will be more sanctions coming."

Regardless of U.S. policy, the government has made it clear it will not change its commitment to the Chabahar project and special economic zone, which is seen as a major connectivity project at an estimated cost of \$20 billion that will help India bypass transit hurdles posed by Pakistan, in order to trade with Afghanistan and Central Asia.

Developing cold feet

However, U.S. allies such as Japan are understood to have expressed misgivings over investing in Iran, officials privy to the negotiations have said.

"This is now a bit complicated and difficult ... If there are more sanctions in place, it will make it more difficult for other countries to plan business operations [in Iran], and I think Japan would have to reconsider this as well," an official said, when asked specifically about Chabahar.

In 2016, before the U.S. elections, Japan had evinced interest in partnering with India on the port project, which is part of a trilateral India-Iran-Afghanistan transit trade agreement.

In an interview to *The Hindu*, Japan's Ambassador to India Kenji Hiramatsu had said that Japan is "interested in connectivity projects and to make sure that this region is free and open and an important port like Chabahar is good for regional connectivity ... I can't tell when it will materialise, but we have expressed our interest."

However, more recent reports indicate Japan is moving with more caution on the project.

Another possible challenge could come from a recent Afghanistan-Pakistan-China trilateral ministerial meeting in Beijing, where the possibility of Afghanistan joining the China-Pakistan Economic Corridor (CPEC) that goes through Gwadar port to make it the Pakistan-Afghanistan-China Economic Corridor (PACE) was discussed.

Competitive scenario

Mr. Akhouni dismissed the concerns over the trilateral. “We have very established networks and we can compete with all corridors. Chabahar and Gwadar both have comparative advantages, but at the end of the day competition will help us all,” he said.

According to the Iranian Minister, the Chabahar Shahid Beheshti port, where India is developing several berths, is on track to be completed in 2018, while IRCON, the government’s railway construction company, has finished a survey to build the proposed \$1.2 billion railway line from Chabahar to Zahedan on the Iran-Afghanistan border.

“We are ready to progress on the project, and we hope that President Rouhani will come to India to give the go-ahead for it together with the Indian leadership. It just needs a final push from the Indian side [on project proposal],” Mr. Akhouni added.

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