

INDO-AFGHAN TRADE CHOKES ON U.S. CURBS

Relevant for: International Relations | Topic: India - Afghanistan

India has slashed its allocation for the Chabahar port by Rs. 105 crore this year.

The government's decision to slash its allocation for Iran's Chabahar port by two-thirds, as announced by Finance Minister Nirmala Sitharaman in the latest Budget will be a further blow to India-Afghan trade, already hit by Pakistan's decision to ban airspace rights to most flights to and from India, and U.S. sanctions on Iran, officials and diplomats in Delhi and Kabul said.

The government, which had been allocating Rs. 150 crore for the port each year for the past few years, has slashed its allocation to just Rs. 45 crore in the Budget for 2019-2020.

Waiver of little help

Technically, the U.S. has issued India a waiver to develop Chabahar port, to promote trade with Afghanistan as a part of its "South Asia" strategy. In practice, however, the cancellation of all waivers for oil and crippling economic sanctions imposed by the Trump administration, have all but frozen deals. Afghan banks are hesitant to open credit lines for shipments, and shippers and cargo handlers are staying away from servicing the Iranian port.

"During the last months (February-May), Chabahar had flourished for transportation of goods and commodities to Afghanistan and central Asia with the volume of loading and unloading twice as much as before," Iran's Ambassador to Delhi Ali Chegeni said. "But the U.S. officials' hostile statements on Iran's sanctions naturally and indirectly has negative impacts and led to worry amongst companies about working with Iranian ports including Chabahar," he told *The Hindu*.

Speaking to journalists last week, Afghanistan's new head of mission Tahir Qadir said they hoped Pakistan's airspace ban, which had been extended until July 12, would be lifted shortly.

As a result of the ban, Afghan fruit and agricultural products that had made up a bulk of the cargo on flights between Kabul and Delhi are being shipped to other international markets.

"The original cargo corridor is not operational as of now," Barun Birla of Aero Trek International, the cargo company that operated the inaugural cargo charter on the corridor, confirmed to *The Hindu*. Officials say that with trade through both air and sea routes restricted, as well as Pakistan's refusal to give Afghan trucks passage to the Wagah land route, trade may come to a standstill for now.

(With inputs from Jagriti Chandra)

You need to subscribe or sign-up to read Today's Paper articles.

Already a subscriber? [Sign in](#)

Already a subscriber? [Sign in](#)

Find mobile-friendly version of articles from the day's newspaper in one easy-to-read list.

Enjoy reading our articles without intrusion from advertisements.

A select list of articles that match your interests and tastes.

Move smoothly between articles as our pages load instantly.

A one-stop-shop for seeing the latest updates, and managing your preferences.

We brief you on the latest and most important developments, three times a day.

*Our Digital Subscription plans do not include the e-paper. Our plans enhance your online reading experience.

Already a user? [Sign In](#)

To know more about Ad free news reading experience and subscription [Click Here](#)

or Please whitelist our website on your Adblocker

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com

CrackIAS