

# THE CHABAHAR DILEMMA & INDIA'S ENERGY SECURITY

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## **Abstract:**

India's strategic endeavour to develop the Chabahar Port in Iran has encountered significant diplomatic and geopolitical challenges since its inception. This project, vital for India's global standing and crucial to its energy security, has been hindered by evolving international dynamics. Given the persistent instability in the Middle East, with Iran at the epicentre of global tensions, India must carefully manoeuvre through complex international relations to protect its interests. The renewed push to advance the Chabahar project, despite looming sanctions, represents a crucial step in ensuring India's long-term energy security. This paper presents a comprehensive analysis of the Chabahar Project, its strategic relevance for India, and its potential trajectory in the current geopolitical landscape.

## **Introduction:**

In January 2003, India and Iran launched a joint initiative to establish transportation links to Afghanistan. As part of this collaboration, India committed to developing the Chabahar Port and constructing a railway line connecting Chabahar to Zaranj. While initially designed as a trade route to Afghanistan, the project also aimed at securing India's long-term energy needs. However, progress was significantly hindered by extensive U.S. sanctions imposed on Iran.

Following the 2015 Iran nuclear agreement, which temporarily eased sanctions, India and Iran resumed discussions on Chabahar's expansion. In 2016, during the Indian Prime Minister's visit to Iran, a trilateral agreement was signed between India, Iran, and Afghanistan. This deal aimed to establish an alternative trade corridor that bypassed Pakistan.<sup>1</sup>

However, in 2018, the reinstatement of stringent U.S. sanctions under former President Donald Trump's "maximum pressure" campaign once again disrupted Chabahar's development. Despite these restrictions, New Delhi successfully secured an exemption, emphasizing Chabahar's critical role in Afghanistan's development—an argument that resonated with U.S. policymakers at the time.<sup>2</sup> However, with the U.S. withdrawal from Afghanistan, this justification lost its strategic significance.

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<sup>1</sup> Lawal, Shola. (2024, May 17). Does India risk US sanctions over Iran's Chabahar Port deal? Al Jazeera. <https://www.aljazeera.com/news/2024/5/17/does-india-risk-us-sanctionover-irans-chabahar-port-deal>, accessed on June 22, 2024.

<sup>2</sup> Lawal, Shola. (2024, May 17). Does India risk US sanctions over Iran's Chabahar Port deal? Al Jazeera. <https://www.aljazeera.com/news/2024/5/17/does-india-risk-us-sanctionover-irans-chabahar-port-deal>, accessed on June 22, 2024.

## **Revitalizing the Chabahar Agreement:**

On May 13, 2024, India and Iran's state port authority formalized a new agreement to enhance and manage operations at the Chabahar Port for the next decade. Under this agreement, India will oversee operations at the Shahid Beheshti terminal and invest \$120 million in its development. Additionally, India has committed to extending a \$250 million line of credit to Iran for related infrastructure projects, bringing the total investment to \$370 million.<sup>3</sup> This marks India's first major overseas port management venture, providing a crucial connectivity link to Afghanistan, Central Asia, and the broader Eurasian region.

However, soon after the agreement's signing, the U.S. State Department issued a formal warning to India, underscoring potential risks, including sanctions, associated with economic engagements with Iran.<sup>4</sup> As global energy supply chains remain under increasing strain due to ongoing geopolitical conflicts, India's renewed effort to operationalize Chabahar faces another round of significant challenges.

## **India's Strategic Interests in Chabahar:**

A key driver of India's interest in Chabahar is the need to bypass Pakistan and establish direct trade links with Afghanistan, Central Asia, Russia, and Eurasia. This strategy has its roots in the 1990s when India and Iran supported the Northern Alliance in Afghanistan to counter Pakistan-backed Taliban forces.<sup>5</sup>

India's involvement in the International North-South Transport Corridor (INSTC)—a multimodal trade route connecting India to Russia and Northern Europe via Iran—has further reinforced the importance of Chabahar. Additionally, India has signed agreements with Turkmenistan to expand its trade presence in Central Asia.<sup>6</sup>

The INSTC facilitates cargo transport from Mumbai to Iran's Bandar Abbas or Chabahar, followed by land and rail routes to Russia and other destinations. Thirteen countries, including Azerbaijan, Armenia, Bulgaria, Kazakhstan, India, Iran, Oman, and Russia, have endorsed this initiative.<sup>7</sup> Despite its promise of a cost-effective and time-efficient trade corridor, INSTC's success remains constrained by U.S. sanctions on Iran.

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<sup>3</sup> Shukla, Ashish. (2024, May 21). The Chabahar Port and India-Iran Agreement. International Centre for Peace Studies. [https://www.icpsnet.org/issuebrief/the-chabahar-port-andindia-iran-agreement#\\_edn16](https://www.icpsnet.org/issuebrief/the-chabahar-port-andindia-iran-agreement#_edn16), accessed on June 19, 2024.

<sup>4</sup> Shukla, Ashish. (2024, May 21). The Chabahar Port and India-Iran Agreement. International Centre for Peace Studies. [https://www.icpsnet.org/issuebrief/the-chabahar-port-andindia-iran-agreement#\\_edn16](https://www.icpsnet.org/issuebrief/the-chabahar-port-andindia-iran-agreement#_edn16), accessed on June 19, 2024.

<sup>5</sup> Menon, Rhea, Rajiv, Sharanya. (2019, December 1). Realizing India's strategic interests in Central Asia. Carnegie Endowment for International Peace. <https://carnegieendowment.org/posts/2019/12/realizing-indias-strategic-interests-incentral-asia?>, accessed on June 20, 2024

<sup>6</sup> Menon, Rhea, Rajiv, Sharanya. (2019, December 1). Realizing India's strategic interests in Central Asia. Carnegie Endowment for International Peace. <https://carnegieendowment.org/posts/2019/12/realizing-indias-strategic-interests-incentral-asia?>, accessed on June 20, 2024

<sup>7</sup> Shukla, Ashish. (2024, May 21). The Chabahar Port and India-Iran Agreement. International Centre for Peace Studies. [https://www.icpsnet.org/issuebrief/the-chabahar-port-andindia-iran-agreement#\\_edn16](https://www.icpsnet.org/issuebrief/the-chabahar-port-andindia-iran-agreement#_edn16), accessed on June 19, 2024.

## **Challenges to Global Energy Security:**

While the transition to clean energy is ongoing, fossil fuels continue to dominate global energy consumption, accounting for over 84% of global energy production.<sup>8</sup> The International Energy Agency (IEA) defines energy security as the "continuous availability of energy at an affordable price".<sup>9</sup> Countries with substantial oil, gas, and coal reserves hold a strategic advantage, while those lacking these resources must ensure stable and affordable imports to sustain their energy security.

The 2022 Russian invasion of Ukraine disrupted global energy markets, causing fuel price volatility and heightened demand. Although energy companies initially benefited from soaring prices, European governments later intervened to cap costs for consumers.<sup>10</sup>

In 2023, Russia remained the world's third-largest oil producer, following the U.S. and Saudi Arabia. While its exports to the European Union, U.S., and UK declined, Russia redirected energy shipments to India, China, Turkey, and the Middle East.<sup>11</sup>

Although global energy prices have moderated, regional disparities persist. High costs in specific regions continue to strain household and business finances, slow economic growth, and complicate efforts to expand electricity access. Given these uncertainties, India must diversify its energy sources, seek partnerships in Central Asia, and revitalize its energy trade with Iran to ensure long-term stability.

## **Iran and Chabahar's Role in India's Energy Security:**

Crude oil plays a crucial role in India's energy landscape, accounting for approximately 25% of its total annual imports. As India imports around 81% of its crude oil needs, Iran's contribution—though only 10%—remains strategically vital. Beyond the volume of imports, Iranian oil is attractive due to favourable trade terms, including discounts on freight and insurance, a 60-day credit period, and rupee-based payment options.<sup>12</sup> Unlike suppliers such as Saudi Arabia, Iraq, and the U.S., which do not offer such incentives, Iran remains an indispensable energy partner for India.

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<sup>8</sup> Jaccard, Mark. (2007). Fossil fuels and clean, plentiful energy in the 21st century: The Example of Coal, EIB papers, ISSN 0257-7755, European Investment Bank (EIB), Luxembourg, Vol. 12, ISS. 1, pp. 80-104.

<sup>9</sup> Ateeq, Mubarak, Alkuwaiti, Sultan. (2020). The importance of the Central Asian Region in energy security at the global level: A review. Journal of Public Affairs published by John Wiley & Sons Ltd. <https://onlinelibrary.wiley.com/doi/10.1002/pa.2427>

<sup>10</sup> Besson, Valérie. (2022, September 8). How The Energy Crisis is Transforming the Global Economy? Blog KPMG France. <https://kpmg.com/fr/fr/blogs/home/posts/2022/03/how-the-russia-ukraine-crisisimpacts-energy-industry.html>, accessed on June 22, 2024.

<sup>11</sup> Besson, Valérie. (2022, September 8). How The Energy Crisis is Transforming the Global Economy? Blog KPMG France. <https://kpmg.com/fr/fr/blogs/home/posts/2022/03/how-the-russia-ukraine-crisisimpacts-energy-industry.html>, accessed on June 22, 2024.

<sup>12</sup> Zhukov, S., Reznikova, O. (2019). Iran in the World Oil Market. World Economy and International Relations, 2019, vol. 63, no. 11, pp. 26-37

The 2003 Memorandum of Understanding (MoU) between India and Iran on Chabahar's development was designed to facilitate oil transportation from Iran and Central Asia to India and global markets.<sup>13</sup>

Iran possesses an estimated 32.1 trillion cubic meters of natural gas reserves<sup>14</sup>, positioning it as a potential supplier for India's rising gas demand. If Chabahar's development includes a dedicated gas terminal, India could gain direct access to Iran's vast natural gas resources.

Central Asian nations also hold significant energy reserves—Kazakhstan is the world's top uranium producer, and Turkmenistan ranks fifth in global natural gas reserves.<sup>15</sup> While the Arab Gulf remains the primary global energy hub, Central Asia presents a viable alternative for India. Establishing robust trade routes to this region through Iran and Chabahar could enhance India's energy security while reducing its dependence on traditional Gulf suppliers.

Strategically located at the mouth of the Gulf of Oman, Chabahar serves as a crucial hub for securing India's energy needs from Central Asia, Russia, the Caucasus, and the Middle East. Iran has already developed a 900-km pipeline connecting gas fields in Assaluyeh to Iranshahr, approximately 100 km north of Chabahar.<sup>16</sup> India's long-term vision for Chabahar likely includes port expansion with a dedicated gas terminal, ensuring diversified energy sources and uninterrupted supply chains.

### **Russia's Interest in Chabahar:**

Russia is a leading global energy supplier, which ranks it among the top crude oil producers and the second natural gas producer. Russia's vast export infrastructure includes critical projects like the Druzhba Pipeline (750,000 bpd capacity) and the ESPO pipeline (1.6 million bpd), connecting Russian energy to the European and Asian energy markets.<sup>17</sup> LNG production has also been intensively expanded by Russia to give a fair competition to the U.S., Qatar, and Australia.

It has to be borne in mind that European sanctions have constrained Russia's energy exports, which has made them heavily reliant on China, which alone does not have the capacity to satisfy or replace Europe's energy exports demand. In an act of diversification, Russia is pushing for the revival of the International North-South Transport Corridor (INSTC), with Chabahar serving as the critical trade link to South and Southeast Asia. This port retains the

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<sup>13</sup> Shukla, Ashish. (2024, May 21). The Chabahar Port and India-Iran Agreement. International Centre for Peace Studies. [https://www.icpsnet.org/issuebrief/the-chabahar-port-andindia-iran-agreement#\\_edn16](https://www.icpsnet.org/issuebrief/the-chabahar-port-andindia-iran-agreement#_edn16), accessed on June 19, 2024.

<sup>14</sup> Shukla, Ashish. (2024, May 21). The Chabahar Port and India-Iran Agreement. International Centre for Peace Studies. [https://www.icpsnet.org/issuebrief/the-chabahar-port-andindia-iran-agreement#\\_edn16](https://www.icpsnet.org/issuebrief/the-chabahar-port-andindia-iran-agreement#_edn16), accessed on June 19, 2024.

<sup>15</sup> Menon, Rhea, Rajiv, Sharanya. (2019, December 1). Realizing India's strategic interests in Central Asia. Carnegie Endowment for International Peace. <https://carnegieendowment.org/posts/2019/12/realizing-indias-strategic-interests-incentral-asia?>, accessed on June 20, 2024

<sup>16</sup> Bhattacharjee, Subhomoy. (2018, January). Chabahar Port and India. RIS Policy Briefs No.80. Research and Information System for Developing Countries. <https://www.ris.org.in/sites/default/files/Publication/policy%20brief%2080-Chabahar%20port%20and%20India%20.pdf>.

<sup>17</sup> Shukla, Ashish. (2024, May 21). The Chabahar Port and India-Iran Agreement. International Centre for Peace Studies. [https://www.icpsnet.org/issuebrief/the-chabahar-port-andindia-iran-agreement#\\_edn16](https://www.icpsnet.org/issuebrief/the-chabahar-port-andindia-iran-agreement#_edn16), accessed on June 19, 2024.

vision to strengthen Indo-Russian energy cooperation, giving Moscow the opportunity to establish alternative trade routes.

### **Iran's Strategic Goals:**

Iran has struggled under the U.S. sanctions, despite having the fifth-largest oil reserves among OPEC nations, and the intensity of this struggle accentuated when the U.S. exited from the Joint Comprehensive Plan of Action, also termed as JCPOA. India's engagement with Tehran allows the window of opportunity for Tehran to counterbalance economic isolation while strengthening ties and economic collaboration with Russia.

Chabahar, as envisioned by Iran, would be a "Free Trade Zone" with tax incentives, enhancing its role as a regional transit hub.<sup>18</sup> The Chabahar port aligns with Iran's strategy to limit U.S. influence in the Gulf region while expanding economic collaboration with Central Asia and beyond.

### **Afghanistan's Role:**

Afghanistan, which is heavily reliant on Pakistan's trade corridors, views Chabahar as a more efficient alternative, which will reduce the transit costs by \$1,000 per container and shorten routes to Kabul by 700 km.<sup>19</sup> India has supported this vision by constructing a \$135 million highway from Delaram to Zaranj, facilitating trade with Iran.

The Taliban's 2021 takeover of Afghanistan has introduced uncertainties. Although the new administration has shown sufficient interest in continuing key projects, China's growing presence in Afghanistan has the potential to shift regional dynamics, potentially affecting Chabahar's future.<sup>20</sup>

### **Central Asia's Connectivity Ambitions:**

Central Asia, which is rich in energy resources, seeks alternative trade routes to major Asian markets like China and India. However, the connectivity conundrum has severely hindered India's energy diplomacy. Projects such as the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline, conceptualised in the 1990s, have faced delays owing to regional tensions.<sup>21</sup>

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<sup>18</sup> Bhattacharjee, Subhomoy. (2018, January). Chabahar Port and India. RIS Policy Briefs No.80. Research and Information System for Developing Countries.

<https://www.ris.org.in/sites/default/files/Publication/policy%20brief%2080-Chabahar%20port%20and%20India%20.pdf>.

<sup>19</sup> Bhattacharjee, Subhomoy. (2018, January). Chabahar Port and India. RIS Policy Briefs No.80. Research and Information System for Developing Countries.

<https://www.ris.org.in/sites/default/files/Publication/policy%20brief%2080-Chabahar%20port%20and%20India%20.pdf>.

<sup>20</sup> Ashwarya, Sujata, (2024, March). Intersecting Interests: The Complex Dynamics of India, Iran, and China in BRICS. Transatlantic Policy Quarterly.

[https://www.researchgate.net/publication/379430403\\_INTERSECTING\\_INTERESTS\\_THE\\_COMPLEX\\_DYNAMICS\\_OF\\_INDIA\\_IRAN\\_AND\\_CHINA\\_IN\\_BRICS](https://www.researchgate.net/publication/379430403_INTERSECTING_INTERESTS_THE_COMPLEX_DYNAMICS_OF_INDIA_IRAN_AND_CHINA_IN_BRICS).

<sup>21</sup> Menon, Rhea, Rajiv, Sharanya. (2019, December 1). Realizing India's strategic interests in Central Asia. Carnegie Endowment for International Peace. <https://carnegieendowment.org/posts/2019/12/realizing-indias-strategic-interests-incentral-asia?>, accessed on June 20, 2024

India is making all efforts to strengthen its ties with Kazakhstan, securing uranium supplies through multiple agreements since 2008. Additionally, Iran remains a key transit route for India's trade expansion in Central Asia, enhancing regional connectivity.

### **Strategic Opportunities in Eurasia:**

Armenia has intensified its interest in the India-Iran Chabahar port project to cement trade relations with India. In the context of the 2024 agreement granting Armenia access to Iranian ports, the country has expanded its defence and economic cooperation with India.<sup>22</sup> This trilateral partnership enhances Armenia's position in regional trade corridors, specifically the Black Sea-Persian Gulf route. It has been emphasized by the former Armenian Deputy Foreign Minister Mnatsakan Safaryan that Chabahar port offers Armenia direct access to Asian markets, particularly India. Armenia will be further integrated into the International North-South Transport Corridor (INSTC) by the construction of a 32 km road by Iranian firms, which will deepen Armenia's ties with the Eurasian Economic Union (EAEU).<sup>23</sup>

### **Chabahar Port: A Geopolitical Asset**

Located in Iran's Sistan-Baluchistan Province, Chabahar port serves as a vital trade post for India. It is situated 170 km west of Pakistan's Gwadar Port and comprises two main terminals: Shahid Beheshti (India's primary investment hub) and Shahid Kalantari (a transit terminal with expansion potential).<sup>24</sup> Since 2016, India has invested over \$500 million in the port's modernization, including refurbishing terminals, reconstructing container facilities, and installing advanced cargo handling equipment.<sup>25</sup>

Though COVID-19 provided disruptions, India was able to resume its commitments in 2021, investing around ₹495 crores into the project to date. The government of India introduced freight concessions as high as 40%, encouraging trade through Chabahar.<sup>26</sup> Further, six mobile harbour cranes have been supplied by India, worth \$25 million, with a vision and mission to improve cargo handling efficiency.<sup>27</sup>

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<sup>22</sup> Tashjian, Yeghia. (2024, May 21). What does the India-Iran Chabahar port deal mean for Armenia? The Armenian Weekly. <https://armenianweekly.com/2024/05/21/what-does-the-india-iran-chabahar-port-deal-mean-for-armenia/>, accessed on June 22, 2024.

<sup>23</sup> Tashjian, Yeghia. (2024, May 21). What does the India-Iran Chabahar port deal mean for Armenia? The Armenian Weekly. <https://armenianweekly.com/2024/05/21/what-does-the-india-iran-chabahar-port-deal-mean-for-armenia/>, accessed on June 22, 2024.

<sup>24</sup> Lawal, Shola. (2024, May 17). Does India risk US sanctions over Iran's Chabahar Port deal? Al Jazeera. <https://www.aljazeera.com/news/2024/5/17/does-india-risk-us-sanction-over-irans-chabahar-port-deal>, accessed on June 22, 2024.

<sup>25</sup> Bhattacharjee, Subhomoy. (2018, January). Chabahar Port and India. RIS Policy Briefs No.80. Research and Information System for Developing Countries. <https://www.ris.org.in/sites/default/files/Publication/policy%20brief%2080-Chabahar%20port%20and%20India%20.pdf>.

<sup>26</sup> Bhattacharjee, Subhomoy. (2018, January). Chabahar Port and India. RIS Policy Briefs No.80. Research and Information System for Developing Countries. <https://www.ris.org.in/sites/default/files/Publication/policy%20brief%2080-Chabahar%20port%20and%20India%20.pdf>.

<sup>27</sup> Shukla, Ashish. (2024, May 21). The Chabahar Port and India-Iran Agreement. International Centre for Peace Studies. [https://www.icpsnet.org/issuebrief/the-chabahar-port-and-india-iran-agreement#\\_edn16](https://www.icpsnet.org/issuebrief/the-chabahar-port-and-india-iran-agreement#_edn16), accessed on June 19, 2024.

## **Iran's Shift Towards China and Russia:**

Under the reign of President Ebrahim Raisi, Iran deepened its engagement with China and Russia, aligning with their geopolitical strategies. China remains a major importer of Iranian oil in light of U.S. sanctions, allowing the window of opportunity for relief to Tehran. In 2021, Iran and China entered into a strategic cooperation agreement pertaining to energy, infrastructure, and military cooperation.<sup>28</sup>

Further in 2023, China's strategic footprint expanded in Iran when Chinese vessels operating under Hellenic Shipping shifted their docking from Bandar Abbas to Shahid Kalantari before transferring cargo to Chabahar.<sup>29</sup> Iran's recent BRICS membership and its growing military closeness with Russia—specifically supplying combat drones for the conflict in Ukraine—symbolizes its firm steps to shift away from Western reliance.<sup>30</sup> These strategic shifts challenge India's vision in Chabahar, as Iran's growing proximity with China holds the potential to stall India's long-term influence.

## **India's Countermeasures and Diplomatic Challenges:**

In an effort to counter China's growing influence, India has intensified its focus on Chabahar's development. An important breakthrough in this regard was witnessed in 2024 when both India and Iran agreed to remove the arbitration clauses involving "International Courts," which had obstructed previously long-term agreements. However, this removal of commercial arbitration clauses raises the risks wherein it limits Indian legal recourse when it comes to investment disputes.

India has not limited its vision to Chabahar and is slowly expanding its regional footprint by authorizing India Ports Global to manage Sittwe Port in Myanmar (April 2024), which would enhance its strategic position in the Bay of Bengal (India's Counter 2024). However, the ongoing tensions between Israel and Iran complicate India's strategic diplomacy. The recent Israeli airstrike on Iran's consulate in Damascus has also escalated the tensions and induced retaliation in the form of Iranian drone attacks, which complicate the situation further.<sup>31</sup>

The broader conflict in the region has severe implications from India's perspective:

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<sup>28</sup> Ashwarya, Sujata, (2024, March). Intersecting Interests: The Complex Dynamics of India, Iran, and China in BRICS. *Transatlantic Policy Quarterly*.

[https://www.researchgate.net/publication/379430403\\_INTERSECTING\\_INTERESTS\\_THE\\_COMPLEX\\_DYNAMICS\\_OF\\_INDIA\\_IRAN\\_AND\\_CHINA\\_IN\\_BRICS](https://www.researchgate.net/publication/379430403_INTERSECTING_INTERESTS_THE_COMPLEX_DYNAMICS_OF_INDIA_IRAN_AND_CHINA_IN_BRICS).

<sup>29</sup> Ashwarya, Sujata, (2024, March). Intersecting Interests: The Complex Dynamics of India, Iran, and China in BRICS. *Transatlantic Policy Quarterly*.

[https://www.researchgate.net/publication/379430403\\_INTERSECTING\\_INTERESTS\\_THE\\_COMPLEX\\_DYNAMICS\\_OF\\_INDIA\\_IRAN\\_AND\\_CHINA\\_IN\\_BRICS](https://www.researchgate.net/publication/379430403_INTERSECTING_INTERESTS_THE_COMPLEX_DYNAMICS_OF_INDIA_IRAN_AND_CHINA_IN_BRICS).

<sup>30</sup> Ashwarya, Sujata, (2024, March). Intersecting Interests: The Complex Dynamics of India, Iran, and China in BRICS. *Transatlantic Policy Quarterly*.

[https://www.researchgate.net/publication/379430403\\_INTERSECTING\\_INTERESTS\\_THE\\_COMPLEX\\_DYNAMICS\\_OF\\_INDIA\\_IRAN\\_AND\\_CHINA\\_IN\\_BRICS](https://www.researchgate.net/publication/379430403_INTERSECTING_INTERESTS_THE_COMPLEX_DYNAMICS_OF_INDIA_IRAN_AND_CHINA_IN_BRICS).

<sup>31</sup> Roy, Shubhajit. (2024, April, 15). India's stakes in Iran-Israel conflict — and why it does not want tensions to escalate. *The Indian Express*. <https://indianexpress.com/article/explained/india-stake-iran-israel-conflict-tensions9269260>, accessed on June 22, 2024.

1. Impact on Indian expatriates: Nearly 9 million Indians live and work in the Gulf and West Asia, making their safety a primary concern.<sup>32</sup>
2. Energy security risks: With 80% of India's oil supply sourced from the Middle East, any regional instability could disrupt imports.<sup>33</sup>
3. Threat to economic corridors: Tensions could undermine India's strategic investments, including the India-Middle East-Europe Economic Corridor (IMEC).

### **The Trump Factor: A Renewed Challenge for India**

Donald Trump's return to the U.S. presidency in 2024 brings renewed uncertainty for India's Chabahar ambitions. His past policies, including withdrawing from the JCPOA and imposing harsh sanctions on Iran, suggest a possible revival of the "maximum pressure" strategy.<sup>34</sup> This could directly impact Indian investments in Chabahar by restricting financial transactions, imposing sanctions on Indian firms, and pressuring India to align with U.S. policies. The disruption of banking channels and trade mechanisms could make operations at Chabahar more challenging, forcing India to reassess its strategy.

To navigate these challenges, India may seek diplomatic engagement with Washington, emphasizing Chabahar's role in regional stability to secure exemptions. Strengthening ties with Iran, Armenia, and Russia could provide alternative trade routes, while countering China's growing influence in Iran might align with U.S. interests. As Trump's policies unfold, India faces a delicate balancing act between maintaining its strategic autonomy and preserving its relations with the U.S.

### **Conclusion:**

India must navigate a complex geopolitical landscape, balancing its interests between Iran, the U.S., and China. With Iran deepening its alignment with China and Russia, India's engagement in Chabahar is increasingly challenged. Additionally, a Trump presidency could reintroduce stringent U.S. sanctions, forcing India to adapt its strategy. Securing diplomatic exemptions and reinforcing regional partnerships will be key to maintaining influence in the region. To sustain its long-term foothold in Chabahar, India must actively counter China's growing presence while ensuring its strategic alignment with the U.S. remains intact.

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<sup>32</sup> Roy, Shubhajit. (2024, April, 15). India's stakes in Iran-Israel conflict — and why it does not want tensions to escalate. The Indian Express. <https://indianexpress.com/article/explained/india-stake-iran-israel-conflict-tensions9269260>, accessed on June 22, 2024.

<sup>33</sup> Roy, Shubhajit. (2024, April, 15). India's stakes in Iran-Israel conflict — and why it does not want tensions to escalate. The Indian Express. <https://indianexpress.com/article/explained/india-stake-iran-israel-conflict-tensions9269260>, accessed on June 22, 2024.

<sup>34</sup> Taneja, Kabir, et al. (2021, August). Iran Under Ebrahim Raisi: The View from India. ORF Special Report No. 154. Observer Research Foundation. [https://www.orfonline.org/wpcontent/uploads/2021/08/ORF\\_SpecialReport\\_154\\_Iran.pdf](https://www.orfonline.org/wpcontent/uploads/2021/08/ORF_SpecialReport_154_Iran.pdf), accessed on June 20, 2024