



U.S. Embassy, Kabul/S.K. Vemmer

Herat, Afghanistan, in 2011. Its population was 10,795 in 2006, at the time of the last census.

Chabahar as a manufacturing and trading center. At the last census in 2006, Chabahar's population was 71,000. Reports indicate that India is ready to invest \$31 billion in this project over a period of years. The first phase, expected to be launched next month, will include construction and operation of two berths, a container terminal of 640 meters' length and a multi-purpose cargo terminal of 600 meters.

The second phase will include building the railroad to Herat and development of a special economic zone as part of the Chabahar port complex. The zone is planned by a number of India's private and public sector investors, such as the Jindal Infrastructures, the petroleum refiner Essar, and the Indian state-run steel manufacturer SAIL. Iran has agreed to allocate to India the required land for the zone.

Undersea Gas Pipeline to India

There is also a plan for an undersea gas pipeline from Chabahar port to India. India's *Tribune News* reported March 17, citing an unnamed "top official" of India's Modi government, that India is set to sign a deal with Iran for a direct undersea gas pipeline from Chabahar port to the coast of Gujarat state in India. The \$4.5 billion, 1,400 km undersea gas pipeline will bring 31.5 million standard cubic meters of gas per day from Iran to India's west coast. The gas, which originates in gas-rich Turkmenistan, will be piped across Iran to Chabahar port.

Iran is in a hurry to develop the INSTC eastern leg and is pushing India to speed up its investments. The project is of great economic importance to India as well, since New Delhi is keen to broaden its economic relations with Iran and expand its trade into central Asia.

The Afghan View, and China

Afghanistan's Chief Executive Abdullah Abdullah traveled to Chabahar port last January, during his three-day visit to Iran, and surveyed the project's capabilities and capacities.

The presence of a cargo terminal in Chabahar port will provide Afghanistan with a new outlet to the sea in addition to the port of Gwadar, Pakistan, and promises a significant boost to its role in regional and global markets. Expressing the importance of the project, Abdullah Abdullah also made a commitment that, when developed, Afghanistan will use the port to trade with the Asian countries. Afghanistan's high cost of trade via Pakistan is a concern. The customs tariffs levied on goods imported into Afghanistan through Pakistan are also high.

Iran has also sought to interest China in the project. China faces a problem with pirates in the Mediterranean and the Gulf of Aden, which appears to have a significant influence on its foreign trade. The development of Chabahar port and its linkage to the INSTC will improve China's access to parts of central Asia, particularly west of the Caspian Sea, and to Afghanistan. At present, Chinese goods are shipped to the Iranian port of Bandar Abbas and Chabahar through the port of Dubai, about 800 km further west. More direct access to INSTC through Chabahar port would help China.

Iran has already invited Chinese investments in its southeastern province of Sistan-Balochistan and has urged Chinese enterprises to participate in a series of projects in Chabahar, including the development of a rail network as well as key petrochemical and steel projects.