

# Chabahar the Golden Gate to India

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According to Public Relations and International Affairs of Chabahar Free Zone and IRNA, India was among the first countries in Asia that recognized the importance of building special economic zones and recognized their impact on the country's export trends. The first special economic zone in India was established in 1965 in Port of Kandla, the same point that is currently used to export wheat from India to Afghanistan via Chabahar.

By observing the positive impact of these areas on India's economic growth, the Special Economic Zone Act was approved in India at 2000, which monitors the process of control, the establishment of infrastructures in line with global standards and a stable financial regime.

A number of special economic zones that have been established so far in India have played a major role in creating employment and attracting foreign investment, for example Nokia built its own plant in a special economic area, and recently just two weeks ago, the South Korean president opened the world's largest Samsung mobile phone manufacturing facility in Noida, near New Delhi.

Given its special geographical conditions, Chabahar is a fascinating place for Indian businessmen as an economic region with unique facilities and access to its customers, which they cannot afford to miss.

Indian traders have already invested in other free and special economic zones of Iran, i.e. Sarakhs and Bandar Imam Khomeini, but the importance and scope of businesses in Chabahar is on a different level for them. This Iranian oceanic port opens a door for India, which will allow Indian traders and economic activists to reduce the one month journey to 14 days and achieve more than 30 percent extra saving of costs.



The Indian Trade Unions held an international seminar this week to remind the global investors about the importance of this region's capability. In this summit, India's government officials and the private sector attended to draw prospects of future activities after consulting with their counterparts from other countries, particularly in Asia. Chabahar port of Iran and its unique facilities accessible to merchants were at the center of attention of the summit.

Abdol Rahim Kordi, Chairman of the board and Managing Director of Chabahar Free Zone was an honorary speaker at the summit. He counted the reduction of trade costs with Central Asia as the most important advantage of Chabahar port for merchants particularly the Indian ones.

Speaking at the 12<sup>th</sup> International Special Economic Zones Investment Summit - 2018 hosted by ASSOCHAM or the Associated Chambers of Commerce of India in New Delhi, he said: "on the significance of Chabahar port for regional and global economies, especially regional communications, it is enough to say that many regional and global players are interested to have stakes in the economic interests of this port. Not only Afghanistan, but also other countries in the region are interested to reach a market consisting of 700 to 800 million people, whose gateway is Chabahar.

"Chabahar can play an important role in the Indian economy and the development of regional and global communications," Kordi said. The importance of this project has led the leaders of the three historic countries to come together to pave the way to further cooperation and, in May 2016, they signed one of the biggest agreements in the history of global communications named Chabahar agreement. In the near future, this agreement will transform Chabahar into a very large port, as well as a big regional player.

Kordi elaborated on the economic opportunities of the port of Chabahar by providing statistics:

"More than 2.5 billion people have stakes in Chabahar port, which includes 700 million people in the Central Asian region, more than 500 million people in the Middle East and 1.5 billion people in East Asia., with a total economic value of \$ 7.5 trillion.

While explaining Iran's activities in the project over the past few years, he said: "We focus on commercial and tourism services,". Since 2014, Chabahar has attracted even more attention, and the number of foreign companies in Iran is growing rapidly. Prior to 2016, we had only 13 memorandums of understanding with international partners, but afterward, 17 memorandums were signed with foreign companies to cooperate in Chabahar, most of them now in progress.

According to Kordi, Chabahar is not only a transit route, it has other economic values, from 2014 up to now, in a very short time frame of four years, the amount of production has increased due to Iran's efforts to create the infrastructure needed by investors, such as the construction of good warehouses. He said Chabahar port could reduce the cost and time of trading, which provides a good opportunity for investors.

He also emphasized that the main advantages that Iran could provide to investors in Chabahar Free Zone include a short period process for registering a company, 100% ownership of land, tax exemption for 20 years, exemption from the payment of value added tax, exemption of customs for companies and industries, exemption of export tariffs and the possibility of hiring foreign employees up to 10% of the workforce.

An Indian official from the Commerce Department also emphasized the importance of Chabahar port of Iran in promoting the region's economy, saying that the political decisions of some countries will not affect the activities of Indian businessmen through this strategic port.

Indian economic official: US sanctions have no impact on Chabahar.

"The threats of the United States against Iran to resume a new round of sanctions, even against those countries that have trade and economic relations with Iran, include trade, as well as the services , and production sector, while Chabahar is a connecting point for transport" said the chairman of the Council for Trade Development and Promotion in the Ministry of Commerce and Economy of India, *Vinay Sharma*, in a private conversation with IRNA.

He said no US sanctions aimed transportation sector to the -Central Asia, so Chabahar project will not be affected by these threats.

The Indian official said that despite the United States' pressure, India will use all the opportunities available to protect its interests.

The first phase of the development of Chabahar Port with the help of India was launched last

December by Iranian President Hassan Rouhani at the presence of representatives from India and other countries of the region.

India's Minister of Transport and Railways, Nitin Gadkari, recently expressed hope that in spite of US pressure, the New Delhi government make Chabahar port operational by 2019.

He said the official opening of the port will facilitate access to the Commonwealth of Independent States of Central Asia.

"Chabahar is the best, the closest and least expensive route to reach the global markets for the Indian Ocean's nearby countries, and it can lead to the development of neighboring countries," he said.

Meanwhile, the direct shipping line from India's Kandla to Chabahar has led to unloading and loading process in Chabahar.

Chabahar is the only oceanic port of Iran, and it is the land of waves and corals, located in the heart of Mokran, Baluchistan, 645 km south of Zahedan, the capital of Sistan and Baluchestan province.

This port is a good location for the establishment of light and heavy industries and is the best place for transit of goods and tourism.

India's Prime Minister, Narendra Modi, also during a summit of member countries of *Shanghai Cooperation* Organization said that his country will be working closely towards the development of regional projects, including Chabahar port.

It should be noted that India has committed to invest \$ 500 million to develop Chabahar port of Iran. On the other hand, Iran and Afghanistan are in the process of approving an international transport corridor through this port and several Indian wheat shipments have been transited to Afghanistan through Chabahar.

