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# Chabahar and Gwadar Agreements and Rivalry among Competitors in Baluchistan Region

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## INTRODUCTION

The Chabahar Agreement signed between the Indian Prime Minister Modi and Iranian President Rouhani in May of this year will enable India to develop the Chabahar Port in Iranian Baluchistan as a major economic and strategic corridor linking India to Afghanistan and Central Asian markets. The Agreement is seen as India's strategic response to the China-Pakistan Economic Corridor (CPEC) under which China will invest about \$47 billion to link Western China via overland roads, pipelines, and railways to Gwadar Port in Eastern Baluchistan. The Indo-Chinese rivalry underscores the geopolitical significance of Baluchistan as a focal point in the New Great Game played by the US, China, and India in Asia. This paper addresses the domestic, regional, and international implications of the two emerging strategic seaports and their impact on the Arabian Gulf and the Baluch movement in Iran.

Chabahar is India's response to China's move in Gwadar. Both ports are part of Baluchistan, on the Arabian Sea coast within 70 kilometers of each other. Therefore, an understanding of Chabahar will be difficult without reference to Gwadar and vice versa. This paper is divided into three parts. The first covers the historical background and geopolitical significance of Baluchistan and its two strategic seaports. The second deals with the regional implications reflecting the role of regional actors namely Saudi Arabia, Iran, Pakistan, and Afghanistan. The third

treats the international implications of the Indo-Chinese rivalry over Chabahar and Gwadar, respectively, as well as the US-China competition in the Arabian Sea, Indian Ocean, and beyond.

## **PART I**

### **Baluchistan and Its Geostrategic Location: the Importance of Chabahar**

The ports of Chabahar and Gwadar are located on Baluchistan's Arabian Sea coast stretching from the Strait of Hormuz to Karachi. The geostrategic location of Baluchistan underscores the importance of the two ports. Therefore, the historical background and the geostrategic importance of Baluchistan are presented first to provide the context to better understand Chabahar and Gwadar's significance.

Until the advent of British Colonialism in the mid-19th century, Baluchistan maintained its independence, for the most part, from the surrounding empires. This is reflected in the fact that the pre-division period is known by the Baluch as the Baluch Doura or the Baluch era, a historical concept used by the Baluch to refer to the state of affairs in Baluchistan prior to its division and occupation by Iran and Pakistan.

The Baluch Doura survived the British colonial rule (1858-1947) because the British did not replace the Baluch political rule and institutions, but simply created its own parallel system of administration to control the defense and external affairs of an otherwise an independent Baluchi state<sup>(1)</sup>.

Under the British Empire, Baluchistan was divided into three parts. The Goldsmid Line, drawn in 1871 and demarcated in 1896, gave western Baluchistan to Persia. The Baluch in Iran, however, maintained their independence until 1928 when, with British approval, Reza Shah Pahlavi occupied and forcefully annexed western Baluchistan into Iran. The Durand Line, drawn also by the British in 1894, further divided eastern Baluchistan between British India and Afghanistan. Upon the British withdrawal from the Indian subcontinent in 1948, Baluchistan regained its independence for a short time but was invaded and annexed by Pakistan the same year. These events have led to the rise of Baluch nationalism, which is the driving force behind the Baluch quest for independence.

### **The Geostrategic Importance of Baluchistan: the New Great Game**

Baluchistan – meaning the Baluch homeland – covers about 240,000 square miles with a coastline stretching nearly 1000 miles from the Strait of Hormuz to Karachi in Pakistan. It occupies one of the most strategic locations in the world, linking the Middle East, Central Asia, and South Asia. It is also one of the richest lands in terms of natural resources including oil, gas, uranium, coal, gold, iron ore, and immense seabed resources along its long coastline, including its 200-mile Exclusive Economic Zone.

Baluchistan has an estimated population of around 35 million including 7 million in Iranian-occupied western Baluchistan; 25 million in Pakistani-occupied eastern Baluchistan, Sind, and Punjab; and around 3 million in Afghanistan. In addition, there is a large Baluchi population numbering more than a million in the neighboring Arabian Gulf states. There are also significant numbers of Baluch living in India, East Africa, and Turkmenistan, as well as in diaspora in Europe, US, and Australia. Baluchs, like Kurds, are one of the largest nations in the Middle East and South Asia without a state of their own.

Baluchistan borders the Indus River and Punjab in the East, the Strait of Hormuz and the Gulf of Oman in the West, the Arabian Sea and Indian Ocean in the South, and the Iranian provinces of Kerman and Khorasan as well as Afghanistan in the North<sup>(2)</sup>.

The strategic location of Baluchistan places Chabahar and Gwadar ports at the center of the growing rivalry among the US, China, and India in the Indian Ocean, South Asia, and Central Asia. Baluchistan's geopolitical significance is based on this strategic location and its tremendous reserves of natural resources summarized as follows:

- 1.** Located directly at the entrance to the Strait of Hormuz on a coastline stretching nearly 1000 miles to Karachi, Baluchistan occupies a strategic position with a commanding view of the shipping lines carrying 40 percent of world oil supplies. The world economy depends on these supplies and securing the shipping lines passing through the Strait of Hormuz and Arabian Sea is of vital importance to the world economy.
- 2.** Baluchistan connects the Middle East, Central Asia, and South Asia via sea, land, and air and can serve as a major hub for trade, energy, transportation, and communication links among the countries of these regions.
- 3.** Baluchistan holds large reserves of natural resources including silver, uranium, aluminum, and oil, gas, gold, copper, and platinum. As we know, the competition

for natural resources is intensifying among the major economic and military powers, attracting them to Baluchistan.

4. Baluchistan is the most viable economic route for overland roads, railways, and pipelines from Central Asia, China, and Afghanistan to the Arabian Sea and from the Middle East and South Asia to China and Central Asia. If connected, the land-locked Afghanistan and energy-rich Central Asian countries will gain access to international markets for their energy exports.

5. With a coastline of about 1000 miles, Baluchistan would have jurisdiction and ownership of the sea and seabed resources along its coast for two hundred miles under Exclusive Economic Zone provisions of the Law of the Sea, a major factor in the Baluch drive for independence. The energy resources in Baluchistan's coastal seabed are reported to be the largest in the world.

## PART II

### **The Chabahar Agreement and Its Regional Implications: the Role of Iran, Pakistan, Afghanistan, and the Arabian Gulf States**

The Chabahar Agreement between India and Iran is part of 12 pacts signed by the Indian Prime Minister Modi and Iranian President Rouhani during a summit in early May of this year. Afghan President Ashraf Ghani also joined Modi and Rouhani for the signing of a trilateral trade agreement facilitating the transit of goods among these countries and providing India with access to Afghanistan via the Chabahar port. Under this Agreement, India will invest \$500 million in expanding and operating Chabahar port in Iranian Baluchistan and transforming it into India's gateway to Afghanistan and Central Asia. India will undertake several other major projects worth \$20 billion including setting up an LNG plant and a gas cracker unit in the Chabahar free trade zone.<sup>(3)</sup>

The Chabahar Agreement has been described as a "strategic game changer"<sup>(4)</sup> not only for Iran, India, and Afghanistan, but also for Pakistan, Arabian Gulf states, China, and Central Asia. It has wide-ranging strategic, economic, diplomatic, and political implications benefiting Iran, India, and Afghanistan at the expense of their rivals<sup>(5)</sup>.

#### **Iran**

Coming in the aftermath of the nuclear deal and lifting of Western sanctions, the Agreement provides Iran with far-reaching economic and trade opportunities, which could be as important as the lifting of economic sanctions by the West. To sweeten the deal during the Summit, Prime Minister Modi returned part of the \$6.4 billion owned by the Indian refiners to Iran and pledged to quickly transfer the rest<sup>(6)</sup>. **First**, the deal

helps Iran secure and expand a greater market share for its energy products in India at the expense of Saudi Arabia.

**Second**, it serves as a catalyst for attracting substantial international investments needed for developing Chabahar and its infrastructure. In addition to India, Iran has granted land and facilities to Afghanistan, Commonwealth of Independent States (CIS), and China for investments in the Chabahar Free Trade Zone. Iran has also built a 600-kilometer highway linking Chabahar to Zahedan, the capital of Iranian Baluchistan, and 240 kilometers away from Malik on the Iran-Afghanistan border. Work is underway to connect it to Malik and then to the Zaranj-Delaram highway completed by India in Nimroz province in Afghanistan. Iran has also started constructing a railway linking Chabahar to Zahedan where it will connect with the Iranian rail network and to Central Asia and CIS countries.

**Third**, the deal serves as a major source of revenue from duties and tariffs imposed on goods passing through Chabahar as well as from transit and transportation fees generated from the use of Iranian roads, railways, and pipelines linking Chabahar to Afghanistan and Central Asia. Iran is expected to levy sizable duties on imports coming from India and the Gulf region and exports originating from Central Asian countries and Afghanistan. Fourth, Iran sees Chabahar as an alternative to Bandar Abbas located inside the Arabian Gulf west of the Strait of Hormuz. Any blockade of the Strait of Hormuz would cripple Iran's trade and commerce and would render Bandar Abbas unusable. Unlike Bandar Abbas, Chabahar is Iran's only deep water port, giving it access to the Indian Ocean.

Geopolitically, Iran also considers the Chabahar Agreement as a strategic victory for boosting its political influence in Afghanistan, Central Asia, and Southwest Asia; for strengthening its position in the Arabian Gulf against Saudi Arabia; and for projecting its power in the Arabian Sea and Indian Ocean. The expanded political, economic, trade, and investment ties between India and Iran could lead to a strategic alliance paving the way for stronger naval cooperation in the Arabian Sea and Indian Ocean. Similarly, growing trade and commerce among Iran, Afghanistan, and CIS countries could lead to greater political influence by Iran in those countries at the expense of Turkey, Pakistan, and Saudi Arabia. The roads, railways, and pipelines linking Chabahar to Afghanistan and CIS countries provide Iran with major political and diplomatic levers for influencing those countries at the expense of its rivals.

With a view to counter its regional rival Saudi Arabia, Iran is set to use Chabahar and energy agreements with India to further strengthen its strategic interests in

the Arabian Gulf and the Arabian Sea for regional dominance and greater market share for its energy products. It is using Chabahar as a major land-air-naval base to project power in the Arabian Sea and Indian Ocean. The port is a launching pad for Iran's arms shipments to Houthi rebels in Yemen. Iran's fleet of submarines is based in Chabahar. Referring to Saudi-Iranian competition, Lindsay Hughes, a research analyst at the Indian Ocean Research Programme, states that: "Iran, as is commonly known, has been and remains locked in a rivalry with Saudi Arabia for regional pre-eminence and market share for its energy products. It is aware that it can increase its regional influence, and thus achieve its strategic goals, only if its economy develops. It is the acute rivalry that it has with Saudi Arabia that saw it forgo the opportunity to attend the recent summit on oil in Doha on April 7. Iran refused to attend the meeting, which was called by major oil-producing countries in an effort to boost the current low oil prices by freezing production. Iran insisted that it would continue to increase its production in order to regain the market share it had lost to Saudi Arabia and other oil producers due to the sanctions, despite threats by Saudi Arabia to do likewise, which could keep prices low and possibly force Iran to capitulate. Tehran will no doubt be banking on the fact that while it has prodigious amounts of proven oil and gas reserves, Riyadh has only oil reserves, albeit being the largest oil producer in the world. Tehran knows that Saudi oil exports and market share can only decrease as long as US crude oil supplies remain at very high levels... Given those factors, it is critical that Iran increases its market share of energy products, which makes its growing relationship with India that much more important."<sup>(7)</sup>

Tehran's refusal to attend the Doha oil summit was a clear signal to OPEC and other oil producing countries that "Saudi influence over oil production and exports is, if not waning, not as salient as was previously thought."<sup>(8)</sup>

### **Pakistan**

The Chabahar port, along with the Afghan-Iran-India trilateral agreement, is bound to affect the regional dynamics of the Iran-Pakistan relationship. It has created a direct economic contest with Gwadar, less than 70 kilometers east of Chabahar, in Pakistani Baluchistan. Like Chabahar, Gwadar is a deep sea port located on vital maritime lines and overland routes connecting China and Afghanistan to the Indian Ocean and the Middle East. Iran's use of Chabahar undermines Pakistan's plans for linking Gwadar to Central Asia and Afghanistan via railways, pipelines, and overland routes, thus reducing the prospects for increased trade and commerce with and

access to major energy resources in those countries. More immediately, access to Chabahar frees Afghanistan from using Gwadar and Karachi ports in Pakistan, thus threatening stable sources of revenue, which are the tariffs and transition fees Islamabad charges for the use of those ports.

Politically, Iran stands to gain in competing with Pakistan over influence in Afghanistan, Central Asia, and the Middle East, an objective shared by Pakistan's arch-enemy India. Due to its dependence on the Pakistani ports, Afghanistan has had to "comply to a degree with Pakistan's Afghan policy, which is formulated to a very large extent by the Pakistani Army. The maritime access that Chabahar now gives to Afghanistan means that Kabul can formulate its policies independent of its concerns about Pakistan."<sup>(9)</sup>

Similarly, the Chabahar-Gwadar rivalry is seen by Tehran as a means to counter the Saudi-Pakistan alliance in order to strengthen Iran's position in the Arabian Gulf region. With the presence of India in Chabahar on its Western borders and the loss of its influence in Afghanistan, Pakistan can ill-afford to divert its attention and resources from its main fronts with India in the East, thus giving Iran a freer hand to maneuver in the Middle East.

Strategically, Pakistan feels encircled and is alarmed by the Indian presence in Chabahar. Pakistani military fears that the port can be used by India to eavesdrop on Pakistan and to gather intelligence on its naval moves in the Arabian Sea and the Gulf of Oman. This perception is further boosted by Prime Minister Modi's statement that "We have also agreed to enhance interaction between our defense and security institutions on regional and maritime security."<sup>(10)</sup> As a result, Pakistan-Iran competition in the Arabian Sea is expected to intensify with far-reaching consequences for Southwest Asia and the Middle East.

### **Afghanistan**

The Chabahar Agreement is considered a key victory for Afghanistan. In the words of Michael Kugelman, a South Asia specialist at the Woodrow Wilson Center for Scholars, "this Chabahar project is more important to Afghanistan than to anybody else. It could be an economic bonanza for an economically troubled country..."<sup>(11)</sup> Afghanistan will be able to ship its goods, including its vast natural resources with an estimated value of \$700 billion, via Chabahar to key markets in Europe, Asia, and the Middle East. It could import more easily key goods it needs. In addition to trade and commerce, Afghanistan can serve as a transit route for roads, railways, and pipelines linking Central Asian countries via



Afghanistan to Chabahar, a vital source of transit revenues for that country. Politically, use of Chabahar could eliminate Afghanistan's dependency on Pakistani ports, thus allowing Kabul to pursue its own independent foreign policy as mentioned before.

### **Saudi Arabia**

The presence of China and India in Gwadar and Chabahar, respectively, has brought the emerging Asian giants to the doorsteps of Arabia with far-reaching ramifications for the regional balance of power in the Arabian Gulf and the Middle East; for the security of shipping lines through the Strait of Hormuz; and for the intensifying naval competition between the two Asian powers in the Arabian Sea and Indian Ocean.

Iran's strategy of using Chabahar as its main strategic base for projecting power in the Arabian Sea and Indian Ocean poses a direct threat to the Arab Gulf States making them conduct immediate counter-measures to protect their interests.

Given the close Arab-Pakistan ties, the Saudis are certain to support their ally in the competition between Chabahar and Gwadar. Iran-Pakistan cooperation has been shaken by major tensions in their relations emanating from their competing interests in Chabahar and Gwadar and their alliances with opposing powers, namely India and China as mentioned before. Saudis could benefit from this friction. In addition, Iran-Pakistan relations could come under further stress due to the intensifying Arab-Iranian rivalry in the Arabian Gulf and the pressure it creates on Pakistan to take a side. However, given Pakistan's weak position vis à vis India, it can hardly afford to take the Arab side against Iran as shown by Islamabad's refusal to enter the Yemen conflict as expected by the Saudis.

These developments could pave the way for an opening toward Arab support for the Baluch struggle against Iran. Saudis could persuade Pakistan to soften its opposition to any potential Saudi support for the Iranian Baluch. There are compelling geopolitical reasons for such a Saudi policy. After all, Arabs, Persians, and Baluch are the three main actors in the Gulf. In this equation, Arab support for the Iranian Baluch is a matter of strategic necessity in confronting the Iranian hegemony in the region, a policy that can benefit Pakistan as well. The Arab-Baluch alliance is deeply rooted in the history of the Gulf region and their opposition to Persian domination. Anyway, Saudis are acting decisively to protect their interests as demonstrated in Yemen and will not defer to an outside power when their vital interests are threatened.

### **The Baluch Factor: The Major Hurdle**

The major hurdle in developing Chabahar is fierce opposition by the Baluch nationalists fighting for independence. There are active and growing insurgencies in both Iranian and Pakistani Baluchistan that could threaten Chabahar and Gwadar corridors. The hinterland to the East, West, and North of Chabahar is inhabited by Sunni Baluch opposed to Iranian rule and designs in Baluchistan. The distance from Chabahar to Zahedan, Baluchistan's provincial capital, is more than 600 kilometers and to the Iran-Afghan border is 840 kilometers. Both sides of the border are inhabited by the Baluch. From the North, the distance between Chabahar and the nearest Iranian cities of Bandar Abbas and Kerman is 871 kilometers and 1100 kilometers, respectively. The space between these distances constitutes the heartland of Baluchistan. It would be a formidable challenge, if not impossible, for the Iranian government to protect such long distances and secure Chabahar in the face of widespread Baluch opposition, particularly if this opposition is supported by Iran's regional adversaries and world powers. The projected roads, railways, pipelines, and Free Trade Zone facilities will be inviting targets for Baluch insurgents.

Historically, Iran and Pakistan have benefited from the division of Baluchistan and are united in maintaining the status quo by suppressing any demand for Baluch autonomy. They cooperated against the Dadshah revolt in Iranian Baluchistan in the 1950s when Pakistan arrested and extradited Dadshah's brother and his companions to Iran. More recently, Pakistan arrested brothers of Jundallah leader Abdul Malik Riggi and returned them to be executed by Iran in 2011. The policy of suppressing Baluch is certain to continue for as long as it can be maintained by both governments.

The issue of the two ports has reinvigorated Baluch nationalism in both Iran and Pakistan, giving a new impetus to their quest for independence. They see their national movement as a direct response to the division and occupation of their homeland by Pakistan and Iran and these countries' oppressive, exploitative, and discriminatory policies toward the Baluch. They consider Iran and Pakistan as occupiers whose decisions on Chabahar and Gwadar are self-serving and against Baluch interests. Therefore, they are vehemently opposed to Indian and Chinese moves in Chabahar and Gwadar, respectively, on the ground that the Baluch are the rightful owners and that they were not consulted about nor consented to Delhi's and Beijing's involvements.

Baluch nationalists also point to the fact that they have never accepted nor recognized the Goldsmid Line dividing the Baluch between Iran and Pakistan nor the Durand Line separating Afghanistan and Pakistan. They have struggled relentlessly to regain their lost freedom and to reassert their sovereignty over their homeland. This is evidenced by several major insurrections by the Baluch against Pakistan in 1948, 1958, 1962, 1973, and the current insurgency which has been growing in strength and gaining momentum since its eruption in 2005. Similarly, there have been continued uprisings among the Baluch against Iran ever since its forceful annexation of western Baluchistan in 1928, including the tribal revolts in Sarhad in the 1930s and 1940s, Mir Dadshah's revolt in the 1950s, the insurrection by the Baluch Liberation Front in the 1960s and 1970s, and the ongoing Baluch insurgency against the Iranian clerical regime.

The Chabahar and Gwadar issue has intensified the Baluch struggle against Iran and Pakistan, providing Baluch nationalists with a stronger momentum internally and internationally. As mentioned earlier, Baluch insurgents are active against both Iranian and Pakistani governments in their respective parts of Baluchistan. Although the insurgency in Pakistan is much stronger, the Baluch insurgency in Iran is spreading fast and wide and is slowly evolving into a mass movement against Iran and its plans in Chabahar.

Externally, Baluch nationalists have launched a major campaign in opposition to the Chabahar Agreement and are calling for independence from Iran. Due to their efforts, the international media has seen a much wider coverage of events in Iranian Baluchistan than ever before. Similarly, the human rights violations in Iranian Baluchistan are documented and reported more frequently by international human rights organizations. The plight of the Baluch and Baluchistan is receiving greater exposure in the halls of Western governments and international organizations.

The campaign for independence has alarmed the governments of both Iran and Pakistan. Iranian officials regularly and publicly denounce the US and Saudi Arabia for their alleged support of the Baluch insurgency in Iranian Baluchistan. Similarly, Pakistan has officially accused India of assisting Baluch rebels in its territory. Neither government, however, has produced any evidence to back its claims and there is no independent evidence to this effect.

### **PART III**

#### **Chabahar, Gwadar, and the Great Powers: the International Implications**

The geopolitical implications of the Chabahar and Gwadar seaports are enormous for the Indo-Chinese and the American-Chinese rivalries in Asia and the Indian Ocean. All three great powers are showing renewed interests in Baluchistan for its strategic ports and geopolitical location. This has, in turn, given a new impetus to the Baluch national movement and its quest for independence. After all, Baluchistan lost its independence during the nineteenth-century Anglo-Russian rivalry referred to by historians as the "Great Game." That competition of great powers brought Baluchistan under the hegemony of Britain as her forward base to prevent Russian advances toward British India and the warm waters of the Indian Ocean and Arabian Gulf. The division of Baluchistan is another legacy of the Great Game that left the Baluch at the mercy of Britain's client states, namely Pakistan and Iran.

Today, there is a New Great Game played out in Asia and the Indian Ocean by the US, China, and India. The dynamics of the New Game are the same as before: projection of power, competition for resources, the search for spheres of influence, and the pursuit of their interests. In this context, the strategic ports of Chabahar and Gwadar are emerging as major focal points in this rivalry for the same main reason that attracted the great powers to Baluchistan in the 19th century: its geostrategic importance. It can be said with confidence that Baluchistan is one of the most strategic lands in the world, and the Baluch nationalists are ready to advance their cause by capitalizing on the opportunities created by these great power rivalries in the region.

#### **India**

India's initiative in Chabahar is intended primarily at countering its archrival China, securing its energy supplies, encircling its enemy Pakistan, and expanding its influence in Afghanistan and Central Asia. Symbolically, the move is seen as a bold assertion of India's role as a major player and successor of the British Empire in the subcontinent.

Strategically, Chabahar will enable India to directly challenge the Chinese moves in Gwadar in Pakistani Baluchistan. The China-Pakistan Economic Corridor (CPEC), a \$47 billion project linking Western China via roads, railways and pipelines to Gwadar, provides China with direct access to the Indian Ocean. Delhi sees China's buildup of a naval base and listening post in Gwadar as a threat to India's navy in the Arabian Sea, Gulf of Oman, and the Strait of Hormuz. Moreover, the CPEC

is seen as a strategic move by China and its proxy Pakistan to encircle India in West Asia. Access to Chabahar is part of the Indian strategy to check the Chinese moves in the Arabian Seas, Strait of Hormuz, and West Asia. In addition, access to Afghanistan through Chabahar solidifies the Afghan-Indian alliance against Pakistan and paves the way for India's access to Central Asia.

Equally important are Indian plans to transform Chabahar into a major economic, trade, and industrial hub in the Middle East and a spring board for access to Afghanistan and Central Asian markets. The port will enable Delhi to better secure energy supplies from Iran, the Middle East, and Central Asia and expand the market share for Indian trade and commerce in these regions. India ranks second after China in oil imports from Iran. Chabahar serves to solidify India-Iran energy ties and provide Delhi with access to new energy sources in Central Asia through Afghanistan. As the third largest and fastest growing economy in Asia, energy security is paramount in India's move in Chabahar and its long-term plans for linking the port via overland pipelines to Central Asia and via undersea pipeline to India.

Access to Chabahar has created a new momentum for India's energy drive in Central Asia and its strategy to counter the growing Chinese influence in that region. Chabahar provides Delhi with a viable option to sideline the Turkmenistan-Afghanistan-Pakistan-India Pipeline (TAPI) in favor of a sub-sea gas pipeline from Oman and Iran to India. This plan was first discussed by the foreign ministers of the three countries in February 2014, but was not pursued due to the US opposition and Western sanctions on Iran. With the lifting of the sanctions, this plan has become feasible and high on the Indian agenda. This is particularly the case due to India's serious reservations about TAPI passing through Pakistan and risks associated with it<sup>(12)</sup>.

Therefore, it is anticipated that India would expedite its plans for connecting Central Asia via pipeline to Chabahar where Delhi can link it to the Oman-Iran-India under-sea pipeline currently under consideration. With this in mind, Indian Prime Minister Modi and Turkmenistan President Berdimuhamedov met and signed seven agreements regarding natural gas, defense, and petrochemicals in mid-July 2015. As noted by Future Directions International: "Turkmenistan's support for India's desire to join Ashgabat Agreement on trade and transit, which includes Uzbekistan, Iran, Turkmenistan, Kazakhstan, and Oman, can only add to India's need to make this pipeline a reality."<sup>(13)</sup>

If implemented, the pipeline connecting Central Asia to India via Chabahar would have profound geopolitical implications. It would greatly enhance India's energy security and its access to Central Asia's vast energy resources. It would boost India's political

and economic standing in Central Asia and strengthen its position in countering China's growing influence in the region. It would provide CIS countries an alternative for exporting their oil and gas to Asia and Europe through Chabahar, thus lessening their dependency on Russia. Given the historically close Indo-Russian ties, Russia would be less alarmed by India than China competing in CIS, a Russian sphere of influence. India and Russia could join forces in countering the Chinese influence in the region. Russia could also join India in using the same pipeline for exporting its oil and gas to Asia.

### **China**

Gwadar-Chabahar contest is a reflection of the broader rivalry between China and India for hegemony in Asia. As such, the strategic importance of the two emerging ports is better understood in the context of the Indo-Chinese rivalry in the Indian Ocean, Afghanistan, and Central Asia; China's alliance with and support of Pakistan; Indo-China border disputes; and the two powers' never-ending thirst for natural resources. While India's plans for Chabahar are in the early stages of implementation, China's plans to develop Gwadar as a major deep seaport – equipped with an airport as well as industrial, commercial, and naval facilities – have proceeded for more than a decade and are in an advanced stage. The next phase is to connect the port to Western China through a network of roads, railways, and pipelines planned under the massive \$47 billion CPEC project. Although it has not officially reacted, China, like its proxy Pakistan, considers the Chabahar Agreement as a direct challenge to CPEC and China's naval facilities in Gwadar.

Gwadar is the ultimate strategic prize for such massive Chinese investment in Pakistan under CPEC. It will give China a major beachhead on the Indian Ocean close to the Strait of Hormuz, "effectively making (China) a two-ocean power," in the words of Claude Rakisits, a senior fellow at the Atlantic Council.<sup>(14)</sup> Once finished, it will have dual-use civilian-military facilities including a naval base for Chinese warships and submarines as well as a listening post to monitor the US and Indian naval moves in the Arabian Sea and Indian Ocean. Given its commanding view of the Strait of Hormuz, Gwadar can be used by the Chinese navy to threaten or blockade that narrow waterway should hostilities erupt with the US or India. Through direct overland pipeline access to the Indian Ocean, the Chinese Navy can bypass the Indian and US navies in the Indian Ocean and avoid the Strait of Malacca in case of any potential blockade by the US Navy. In short, access to Gwadar will further strengthen the China-Pakistan position against India.

The economic advantage of Gwadar for China and Pakistan could equal its strategic importance. Gwadar is developed with a view to transform it into a major commerce hub, especially for exports of Chinese goods to the Middle East, Europe, and Africa and for imports of goods and energy supplies needed to fuel the growing Chinese economy. Most of the oil imported by China and Pakistan comes from the Middle East in close proximity to Gwadar. Upon its completion, the Gwadar port is expected to serve as the key conduit for energy shipments via pipelines to Western China, thus ensuring greater energy security.

China's plans and activities in Gwadar have alarmed India and are of concern to Washington as well. In a report on Pakistan published by the Institute for Defense Studies and Analysis in Delhi, India sees a direct threat from the Chinese presence in Gwadar. It states that the "Gwadar port being so close to the Strait of Hormuz also has implications for India as it would enable Pakistan to exercise control over energy routes. It is believed that Gwadar will provide Beijing with a facility to monitor US and Indian naval activity in the Arabian Gulf and Arabian Sea, respectively, as well as any future maritime cooperation between India and US."<sup>(15)</sup> Given such perceptions, the Chabahar-Gwadar contest will continue for the foreseeable future because there is no end in sight for the Indo-Chinese rivalry in Asia.

Like India's plans in Chabahar, China's designs in Gwadar also face a major hurdle in the widespread Baluch insurgency in Pakistani Baluchistan. Referring to the Gwadar-Chabahar contest and security situation in Pakistani Baluchistan, an unclassified diplomatic cable to the US Department of State, dated December 31, 2015, reported:

"Gwadar would serve to check India's own strategic ambitions, as Islamabad leverages Beijing against New Delhi. The problem is that these are all long-range plans — and dreams. They conflict with messy ground-level realities. Visiting Gwadar for a week in 2008, I was struck not only by how isolated it was, between pounding sea and bleak desert, but how unstable was the region of Baluchistan, which lies immediately beyond the port in all landward directions. Ethnic Baluchi rebel leaders told me that they would never permit roads and pipelines to be built there, until their grievances with the Pakistani government in faraway Islamabad were settled. The security situation is indeed fraught with peril. The Chinese know this. They know that a pipeline network from Gwadar into Central Asia and China must await the political stabilization of Afghanistan — and Pakistan, too. Until such a day, Gwadar, while a potentially useful coaling station for a budding Chinese navy, constitutes, in essence, a road to nowhere."<sup>(16)</sup>

## United States

The US broadly shares India's concerns over Chinese naval presence and activities in Gwadar and the threat it could pose to the Strait of Hormuz and shipping lines in the Arabian Sea. But unlike Delhi which sees an immediate threat, Washington looks at China's actions in Gwadar as a long-term threat. As noted in the unclassified diplomatic cable mentioned earlier, "Indeed, Gwadar is important: not for what it is today, but for what it will indicate about Beijing's intentions in the coming years and decades."<sup>(17)</sup> The main US concern is that Gwadar, when and if connected to China, could give it potential strategic and economic advantage in the region. Washington's threat perception reflects its position as a superpower with overwhelming naval superiority over China for the foreseeable future.

The US also supports the Chabahar Agreement with some reservation about India's investment in Iran. As the only counterweight to China in Asia, a huge emerging market, and the largest democracy in the world, India is seen by the US as a natural strategic ally in countering China's ambitions in Asia. Pakistan's alliance with China and its destabilizing role in Afghanistan are other major factors shifting US policies toward closer ties with India. In this context, the Chabahar corridor is seen as beneficial to the US interests for offsetting China's \$47 billion Gwadar Corridor and for opening a new trade route to Afghanistan whose economic and political stability is important to the US. In the words of Adam V. Larkey, a South Asia expert, "The massive Gwadar project reveals China's regional power play. There is no comparison in scale and intent between China's role in Gwadar and India's in Chabahar, but the Americans are pleased that India is pushing back against the Chinese expansionist mindset..."<sup>(18)</sup>

The Obama administration has expressed support for India in spite of strong objections by some US senators who are critical about Indian investments in Iran under the Chabahar accord. As testified earlier this month by the Assistant Secretary of State for South Asia Nisha Desai Biswal before the US Senate Foreign Relations Committee, "For India to be able to contribute to the economic development of Afghanistan, it needs access that it does not readily have across its land boundary. And India is seeking to deepen its energy relationship with the Central Asian countries and looking for roads that would facilitate that..." Biswal, however, assured the senators that the US administration has taken up their concerns and has been "very clear with the Indians what our security concerns have been..."<sup>(19)</sup>



### **The Baluchistan Card**

Consequently, the Indo-Chinese competition over Chabahar and Gwadar, respectively, is expected to intensify further after their completion. The major factors driving the competition are the growing Indo-Chinese and American-Chinese rivalries in Asia and the Indian Ocean and the rising tensions in the South China Sea between the US and China. It is this geopolitical dynamic that has forced Baluchistan and its two ports into their strategic calculations. The three powers see Baluchistan and its geostrategic significance as an important part of the balance of power equations in Asia and the Indian Ocean. They are playing the Baluchistan card to safeguard their interests and to advance their plans against their rivals.

The US and India find themselves, more or less, on the same side that is supporting the Chabahar corridor and countering the Chinese moves in Gwadar. None of the three powers, however, has taken an official stand on Baluchistan, at least not in their public pronouncements. But their actions on the ground in Chabahar and Gwadar reveal a different story, as described before. Behind the scenes, their strategists are busy planning their next moves and that is where Baluchistan's future is debated. So far the status quo is preferred, but events on the ground and the dynamics of their rivalries may change and dictate a different course of action that may eventually lead to independence for Baluchistan.

### **The Baluch International Campaign**

The Chabahar Agreement, along with the Gwadar Corridor, has boosted the drive by Baluch nationalists to internationalize the Baluchistan case in an effort to attract regional and international support for an independent state. The issue of the two ports has elevated the profile of Baluchistan among Arabian Gulf states, Western capitals, and certainly India and Afghanistan. As an example, there is an increasing awareness in the US about the Baluch and Baluchistan as well as growing calls for an independent Baluchistan in some influential circles in Washington. The issue of Chabahar and Gwadar was one of the main concerns raised during The Baluchistan Hearings held for the first time by the United States Congress in February 2012. This historical event (in which the author testified) played a key role in publicizing and internationalizing the Baluch cause. Equally important is a Resolution pending in the US Congress recognizing the rights of the Baluch and calling for an independent Baluchistan. Although opposed by the US Department of State, the Resolution, if approved, carries great moral and political weight in promoting the Baluch cause in the US and would set a precedent for other Western powers to follow.

As part of their international campaign against Iran and Pakistan, Baluch nationalists have expressed a strong desire to provide the US Navy with access and bases in Chabahar and Gwadar in exchange for US support for an independent Baluchistan. Accordingly, they have tried to make the case that the Baluch interests coincide with those of the U.S. at this juncture of history for several reasons. First, the US has reservations about Indian investment in Chabahar and is opposed to Chinese naval bases in Gwadar, issues that are of major concern to the Baluch as well. Second, the security of shipping lines through the Strait of Hormuz could be endangered by Iranian militarization of Chabahar and coastal Baluchistan, a major preoccupation of the Iranian Baluch as well. Third, the Baluch oppose the gas pipeline project for carrying Iranian gas to Pakistan, a position in line with US policies and economic sanctions imposed on Iran. Fourth, the Baluch also support the US policies against the growing Iranian hegemony in the Arabian Gulf and the threat it poses to US allies in the region. Finally, Baluchistan and Afghanistan are used by the Iranian and Pakistani military and intelligence services to shelter and support Afghan Taliban and other jihadist groups in their continuing attacks against American, NATO, and Afghan forces in Afghanistan. To counter this threat as the US prepares to withdraw from Afghanistan, it may be necessary at some point for the U.S. and Afghan governments to support Baluch nationalists who espouse secular values.

The Baluch perspective and position on Chabahar and Gwadar ports is certain to affect the development of the two ports as major economic and strategic corridors by India and China, respectively. After all, the Baluch are the rightful owners of the ports. As mentioned, restoring Baluch control and sovereignty over these strategic ports is one of the main demands of Baluch nationalists in both Iran and Pakistan.

### **Conclusion: Prospects**

The Indo-Iranian project in Chabahar is considered a win-win for India, Iran, and Afghanistan. But its implementation faces serious challenges and its success is far from assured. The first impediment is the rising insurgency in Iranian Baluchistan. The Sunni Baluch have repeatedly attacked Iranian forces and installations in and around Chabahar. The second challenge is the chronic instability in Afghanistan which is a party to the Chabahar Agreement. The prospect that the Chabahar corridor could free Afghanistan from dependency on Gwadar and Karachi could prompt Pakistan to restore the Taliban to stop the project. Third, there is a possibility that the US and other Western countries could re-impose their sanctions in case Iran violates its obligation under the nuclear deal signed last year. Such a scenario would change Indian calculations and participation in the project. Fourth, given the rising tensions between Saudi Arabia and Iran, any Arab-Iranian conflict in the Arabian Gulf is bound to affect the project negatively.

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