

Govt looks to close Chabahar port negotiations by end of FY23

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After having resolved most issues plaguing the crucial international deal, India and Iran have expedited negotiations on the long-term agreement for the usage of the strategic Chabahar Port, with the former targeting a March 2023 deadline for the conclusion of talks, *Business Standard* has learnt.

The Shahid Beheshti Terminal at the Iranian port is a project of significant importance for India which recently gained prominence in the country's foreign policy negotiations after the Russia-Ukraine war. Many central and south-east Asian countries look at the International North-South Transport Corridor



Talks have picked up as the international framework has been broadly agreed upon

(INSTC) for trade with Russia, India, and Europe.

The corridor, understood to be connecting Mumbai to Moscow, is

a multi-modal transport network.

Officials in the know told *Business Standard* that the two countries have broadly agreed on

an international arbitration framework, while finer details are being worked on at the diplomatic level.

The issue pertains to a previous deadlock in the negotiations when Iran refused to agree to an international arbitration framework, citing the need for a constitutional amendment, even as India was adamant about the arbitration clause for transparency in dispute resolution.

The official suggested that even if the procedural barriers were to be kept aside, India would risk its future negotiations by agreeing on an unprecedented arbitral condition.

Another official said that there was dissatisfaction within some branches of the government over the pace of developments on the agreement. "There briefly was a thinking that we may have to change our course of action if the

arbitration issue stalls the deal, but the other side (Iran) was equally keen on expediting the negotiations," he said.

Other issues being fine-tuned by the two countries include support by financial institutions for the movement of goods through Iran, which faces US-led international sanctions, and clarity on Customs and other duties, as the corridor uses both land and sea across various countries.

The port, operated by India's state-owned India Ports Global, was initially seen as the gateway to unlocking India's trade potential with European countries, as it is a shorter route to Europe. According to industry estimates, the INSTC route takes 15 days less than the Suez Canal route for shipments to be transported.