



# CMEC

Centre for Maritime Economy  
and Connectivity

समुद्री अर्थव्यवस्था व संयोजन केंद्र

## Maritime Briefing

Union Minister MoPSW, Shri Sarbananda Sonowal highlights the importance of projects like Bharatmala and Sagarmala in improving the connectivity of India



CMEC seeks to provide policy inputs to MoPSW as per the Maritime Vision 2030. This includes support for the growth and diversification of India's maritime sector & developing areas of cooperation and collaboration of the Indian Ocean nations.

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# ***National***

## **Foundation laid for the Inland Waterways Transport in Assam**

Union Minister MoPSW, Shri Sarbananda Sonowal laid the foundation stone for the Inland Waterways Transport (IWT) terminal in Bogibeel, Assam. The terminal, which will cost 46.60 crores, intends to improve regional inland waterway transportation by fostering trade, business, and tourism.

## **Cargo Flow in India declined by 1.96 percent**

The cargo flow at India's major ports declined by 1.96 percent in June compared to the same month last year, according to the Indian Ports Association (IPA). Seven of the twelve major ports saw negative growth, with VO Chidambaram Port suffering the biggest decline of 14.15 percent. Several factors, including lower coal and freight tonnage, contributed to the decline.

## **Review Meeting hosted for the NMHC project**

Union Minister MoPSW Shri Sarbananda Sonowal reviewed the National Marine Heritage Complex (NMHC) project in Gandhinagar Gujarat, which aims to promote India's marine past. For a Naval gallery, an MoU was signed with the Ministry of Defense (Indian Navy & Coast Guard). The NMHC is being developed as a premier maritime museum complex in order to showcase India's nautical legacy and raise its international profile.



## **Campaign launched to transform iconic 75 Lighthouses into Tourism Spots**

Union Minister MoPSW, Shri Sarbananda Sonowal started a campaign to turn 75 old lighthouses into tourist attractions in India. The campaign was started with the inauguration of transformed lighthouses in Dwarka, Gopnath and Veraval in Dwarka, Gujarat. The project intends to promote the local economy and highlight India's extensive cultural legacy.

## **PM Gati Shakti: transforming India's logistics**

India positioned itself on 38th position in World Bank's Logistic Performance Index (LPI). Logistics play a key role in the growth and development of a country. India has improved its position from 6th in the landscape of the country which will help in improving the global trade indices when compared to 2018, it is a result of the new logistics plan like PM Gati Shakti National Master Plan (NMP) and the National Logistic Policy.



## **A period for slow development in global trade has begun**

An article by ING a global bank says rationalization of accumulated inventories and the economic and industrial slowdown in the US and Europe, global trade began to decline around the end of 2022. A phase of slower development in global commerce has also begun as a result of supply chain rethinking, protectionism, and geopolitical worries. Thus, growth is anticipated to be weak through 2024, placing pressure on shipping tonnage.

## **"Hong Kong Convention to Take Effect on June 26, 2025"**

The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC), which was adopted in 2009, will ultimately go into effect on June 26, 2025. The convention has been ratified by Bangladesh, India, and Liberia. The HKC is expected to significantly impact ship recycling practices on a global scale.

## **Ocean Titans: Documentary on sustainable shipping**

Shipnext the leading freight platform featured in a documentary series which is launched by the World Ocean Council to explore the different aspects of the Blue Economy. The Ocean Titans series aims to target people and organizations who are working on activities related to corporate ocean responsibility. The documentary explored how data can support efficient environment-friendly shipping.

## **IMO sets target: world fleet must cut GHG emissions by 70%**

International Maritime Organization (IMO) has decided that by 2040, the world fleet must have reduced its total greenhouse gas (GHG) emissions by more than 70% compared to 2008 levels. The initiative is described as groundbreaking by BIMCO The world's largest direct-membership organization for ship owners, charterers, shipbrokers, and agents.

# Commentary

## Spotlight on Chabahar



At the 23rd Shanghai Cooperation Organization (SCO) summit held under the presidency of India in July 2023; Iran has formally been inducted as a full member. This is a major development that gives a much-needed boost to the practical connectivity initiatives in the region via the International North-South Corridor (INSTC) and particularly through Chabahar Port. Hon'ble Prime Minister of India Shri Narendra Modi, who chaired the meet, congratulated Iran on becoming a full member of SCO, 15 years since when the request was first made by Tehran to join the alliance. Prime Minister Modi said, "Strong connectivity is crucial for the progress of any region. Better connectivity not only enhances mutual trade but also fosters mutual trust." The Prime Minister also stressed that members of SCO can work towards maximizing the utilization of the Chabahar Port following Iran's membership of the world's largest regional organization.

### Significance of Iran's induction in SCO for India

Happily, there have been notable developments with respect to trade operations at the Chabahar port meanwhile. The Ministry of Ports, Shipping and Waterways, Government of India has informed that both India and Iran are progressing towards signing a long-term contract. Chabahar would be expected to soon turn commercially viable with a significant increase in cargo being handled. Cargo handled at the Shahid Beheshti port—the official name of Chabahar, has risen sharply with May 2023 turning into one of the best months of business. Chabahar is India's first overseas port project, and the long-term agreement is valid for 10 years, to be extended automatically. This will bring stability to the financial arrangement of the project replacing the initial pact which is renewed on an annual basis.

## **Why Chabahar is important for India?**

The Chabahar port is in the extreme southeast of Iran in Sistan and Baluchistan province. It is of great importance because it is the only Iranian port with direct access to the Indian Ocean as it reduces the cost of transporting goods from India to Russia by one-fifth and is the shortest and least expensive transit route on the eastern wing of the INSTC. Chabahar holds great value as a linkage between India, the Central and West-Asian Region, Afghanistan, and Russia. The potential that INSTC and Chabahar hold in terms of trade and economic development is immense. However, the critical question is how India establishes the importance of Chabahar against the backdrop of rising emphasis on INSTC.

Chabahar derives its importance for India in terms of the provision of access to the markets of the energy-rich Commonwealth of Independent States (CIS). This includes expanding trade and investment in the energy sector of CAR by India. Apart from that Central Asia also offers a good market for commercial goods where India with its deep and expanding manufacturing sector, with appropriate IPR controls, has an advantage. Indian tea and pharmaceutical industries have already acquired a grip on the Central Asian market.

### **Geo-strategic lens**

The vast potential of Chabahar and its linkage to INSTC also holds critical importance from a geo-strategic point of view. In the current context of the Russia-Ukraine conflict, India has explicitly placed the needs and livelihoods of its population above ideological posturing. With Europe seeking to avoid trade with Russia and several additional sanctions and price caps being mulled, Russia is eager to find a source for its exports of food, fertilizers, and energy. The environment of sanctions and curbs has afforded India a valuable opportunity to meet these needs at attractive prices. India is seeking to convert this temporary benefit to something more permanent.

Chabahar is vital for both India and Iran to realize their ambition of reducing dependency on the Suez Canal for transporting cargo to Europe. Chabahar's strategic position is a boon for the envisioned INSTC, which was signed between India, Iran, and Russia as early as in 2000 to establish transport connectivity between Europe, Central Asia, and India. Chabahar is also situated in the path of the South Asia corridor, which passes through India and Mirjaveh in Iran, linking Southeast Asia with Europe.

There is also a larger dynamic at play here in terms of regional connectivity. India, Iran, and Afghanistan are working toward integrated development of infrastructure including ports and road and rail networks to open up greater opportunities for regional market access and integration of their economies. India has already completed the Zaranj-Delaram highway in Afghanistan, which would facilitate the trade to Kabul, and eventually beyond, to Central Asia.

On further exploring the role of Chabahar, a new role for the port can be as a shipping option for the littoral states of West Asia including Qatar. The Strait of Hormuz is host to several ports including Bandar Abbās. This makes the route susceptible to both commercial crowding and geo-strategic uncertainties. Chabahar has a position just away from this crowded narrow corridor offering easy access to both West Asia and further afield towards the Horn of Africa. Chabahar offers these countries the option to connect with the growing Indian market through uncomplicated and easy access.

### **Way Forward**

It is against this backdrop that India and Iran along with the CIS nations are placing huge importance on the development of Chabahar Port as a major business hub. Moreover, highlighting the significance of Chabahar for catering to not just commercial interests but acting as the entry-point of humanitarian aid, India's Minister of External Affairs Mr. S. Jaishankar has already emphasized earlier on expansion of routes on INSTC to include Chabahar Port, during his address on Chabahar Day. However, for investments of India in Chabahar to yield results and be sustainable in the longer run, it is also important the significance of the port is not solely dependent on its interlinkage with INSTC. It is in this context that the recent developments with respect to the inclusion of Iran in SCO can potentially be a game changer.

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