

Strategic Hyphenation Between India And Iran In The Post-Cold War Era: Convergence And Constraints

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Abstract

India and Iran share long-lasting legacies of cultural, religious and linguist links for centuries. Relations between them have been deepening with respect to the most issues, especially nuclear programme, Energy, security and transport. This study examines those factors which are bringing the two nations increasingly closer and the constraints that might stand in the way of healthy bilateral relations between India and Iran. The first section of this study deals with those areas where both the nations cooperate. The second section highlights various constraints that make it difficult for this relationship to achieve its full potential. This study explores how India has intricately tried to maintain a delicate balance over the years by addressing the areas of constraints in a very articulate way, so that the Indo-Iranian relations in the post-cold war era may continue to flourish.

Key Words: Diplomatic Relations, Convergences, Energy Crises, Constraints, Sanctions, Delicated Balance.

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Introduction

The two old civilizations-India and Iran have age old relationship in exchange of thoughts among each other which dated back to the Neolithic period. As a result of this, people of India and Iran share significant cultural, linguistic and ethnic characteristic which resulted in interchanges, borrowings, connections and have influenced each other.¹ India is one of the emerging world powers and has been at the centre of Iran's attention in the years since the Iranian revolution (1979). The country has been moving from the sidelines of world affairs to the core using its various human resources, vast geography and high economic growth rates. These provide adequate reasons for Iran to look towards India not only as an actual partner but also as a potential political resort.² On the other hand, India cannot fulfill its energy needs such as, oil, gas without Iran. So, both the states are strategically important to each other.³ However, India's place in the constellation of Iran's international interlocutor has not been stable due to, international environment puts twists and turns, up and downs in their relations and tries to hamper the progress of friendship between India and Iran. But, expectations for expansion of cooperation between the two sides have always exceeded the real extent of relations.⁴

Objectives

- * To analysis and examine Indo-Iran cooperation in various fields in the post-cold war era.
- * To evaluate the US sanctions on Iran and its impact on Indian policies.

Methodology

The methodology adopted in this study is descriptive, analytical, historical, and empirical. Required information is collected from various journals of political science, books, newspapers and research articles.

Discussion

The discussion will be on Indo-Iranian cooperation in various fields and constraints in the way of their relationship. As, both the countries are cordial and friendly, their cooperation is “thicker than oil” in various fields but, from time to time international environment puts twists and turns, ups and downs in their relations which hamper the progress of friendship between the two states.

Cooperation in Security and Defense Sectors

Indo-Iranian cooperation in defense and security areas has two prolonged structural directions: balancing the super power in their common neighborhood and balancing other emerging powers that undermine their security. One of the key instruments of the New Delhi Declaration is the ‘Road Map to Strategic Cooperation’ which envisages robust defense cooperation between the two states, including training and exchange of visits.⁵ The New Delhi Declaration sought to advance defense cooperation between India and Iran especially in the following areas.⁶

- Sea-lane control and security.
- Discomfort with mounting US military presence in the Persian Gulf.
- Establishment of working groups on terrorism and counter narcotics.

The most notorious Indian-Iranian military to military engagements have involved their navies. After their first naval maneuvers in the Arabian Sea in March 2003, they

hold their second naval exercise in early March 2006, overlapping with Bush's trip to Afghanistan, India and Pakistan.⁷ India and Iran have instituted a strategic dialogue that has met four times between October 2001 and early 2007 was a forum designed to explore opportunities for cooperation in defense in agreed areas including training. The Defense relations assumed prime importance when Iran's secretary of the Supreme National Security Council Saeed Jalili visited India and met with National Security Advisor MK Narayan to discuss and to cooperate in combating terrorism in their region. India has trained Iranian naval engineers in Mumbai and at Vishakhapatnam. Iran is also seeking combat training for missile boat crews and hopes to purchase from India simulators for ships and subs. Iran hopes that Indian technicians will refit and maintain Iran's T-27 Tanks as well as its BMP infantry fighting vehicles and the towed 105mm and 130mm artillery guns.⁸ However the present level of defense and maritime cooperation is limited to few areas. To broaden the existing level of defense cooperation and explore more areas of strategic defense cooperation, it becomes imperative for both countries to hold a strategic cooperation on:

- . Assistance in modernization of defense forces
- . Assistance in defense research and development
- . Strategic Defense Dialogue
- . Joint anti-terrorist exercises
- . Maintenance assistance, supply of spares and ancillaries

As for as Army to Army cooperation is concerned, it could entail the following:

- . Course at the National Defense College (NDC) and Defense Services Staff College (DDSC)

. Maintenance and training support for Iranian T-72 Tanks, BMPI and 2 infantry carrier vehicles

. Selling Advanced Light Helicopters (ALH) AND Jet trainer aircraft.⁹

Cooperation in Energy and Economic Fields

Energy sector is one of the important area which offers tremendous scope for cooperation between India and Iran. The tight cooperation in the field of energy will be fruitful for both sides and India in particular at present does not possess sufficient energy resources to meet either current or future challenges. India needs the support of Iran to meet its growing energy demands not only supplying energy but also by acting as a gateway to Central Asian energy resources. It is a well known fact that Iran has the World's third largest Crude Oil reserves and the second largest Natural Gas reserves. India's energy requirement is linked to both – achieving high Gross Domestic Product (GDP) growth rate and enhancing its economic goal in the world. To meet its growing energy needs, India at present imports around 85 percent of its crude oil requirements but it is expected that by 2025, it will go up to 90 percent resulting in oil demand of around 325 million Tons. While for natural gas, its current demand is 32649 Million Standard Cubic Meters a day (MMSCM) which is projected to increase in future.¹⁰

Energy cooperation between India and Iran has been the major incentive for two states to come closer. There is a great potential for fruitful cooperation between India and Iran in energy, trade and economic sectors. Energy is one of the most significant and efficacious elements in the strategic collaborations between India and Iran. In this regard, according to the New Delhi Declaration in January 2003, "India and Iran had a complementarity of interests in the energy sector which could develop as a strategic area of their relationship. Iran with its copious energy resources and India

with its growing energy needs as a fast developing economy are natural partners". This complementarity of interests was recognized in the Tehran Declaration, stated that, "the geographical situation of Iran and its copious energy resources along with the rapidly expanding Indian economy and energy market on the other hand, to create a unique complementarity which the sides agreed to flourish for mutual benefit". Hence energy cooperation between Iran and India has forged as a producer-consumer relationship that promises to serve both countries immediate and long term needs.¹¹

For energy cooperation, New Delhi and Tehran have established a Joint Working Group (JWG) on energy transport in 1999. Bilateral cooperation in energy arena reached its peak when India and Iran signed a multi-billion dollar deal in June 2005 under which Iran will supply India with 7.5 million tons of liquefied natural gas annually for 25 years beginning 2009. The deal also envisaged Indian participation in the development of Yadavaran and Jufeyr oil fields in Iran.¹² However the deal failed due to dispute over prices, India's vote against Iran at the IAEA as the cause for failure of LNG deal. Despite these constraints and failure of deal, in 2008-09 Iranian oil accounted for nearly 16.5 percent of India's crude oil imports. Indian oil imports from Iran increased by 9.5 percent in 2008-09 due to which Iran emerged as India's second largest oil supplier. About 40 percent of the refined oil consumed by Iran is imported from India. In June 2009, Indian oil companies announced their plan to invest US\$ 5 Billion in developing an Iranian gas field in the Persian Gulf.¹³

In the oil and gas sector, India's ONGC Videsh limited (OVL) has successfully executed a contract to explore the Farsi oil block. OVL is interested in exploration and development of phase 12 of the South Pars and Azadegan oil fields

which is the largest phase out of 28 phases in which SouthPars gas field in the Persian Gulf field is divided. SP-12 is expected to produce threebillion cubic feet of gas per day and two-thirds of this will be converted into LNG forexports. Oil and gas sector creates atmosphere for setting up mutually beneficial projects.India and Iran have successfully cooperated in setting up the Madras Refinery Project,the Kudremukh Iron Ore Project and the Madras Fertilizer Project as well as the Irano-Hind shipping company. Iran can possibly invest in the energy sector in India, such as inan oil storage facility. Thus these two states have excellent cooperation in the fieldwhich include-Natural Gas Pipeline, LNG import from Iran, investment of Indian companies in energy in Iran.¹⁴ The early conclusion of the double-taxation avoidanceagreement, bilateral investment promotion and protection agreement and thepreferential trade agreement will facilitate investments and joint ventures.

The volume of trade during this period between India and Iran has not fulfilledthe potential that the two countries have, due to a number of obstacles like restrictiveimport regime followed by Iran, non-tariff barriers, presence of short to long termfinancing arrangements, inordinate delays of opening of LC's etc. The businessorganization in India has been much active not only in promoting trade relations andalso in identifying the business dynamics in a liberalized environment, specially keepingin view that Iran is well situated for multilateral trade ties in the surrounding regionalmarkets of Central Asian republics and hence the trade alliance between India and Iranwill serve as a gate way to those countries. The process of economic reforms in Iranwhich aims at privatization and deregulation needs to be

speeded up and the rules governing the flow of foreign investment are to be reviewed with the intention of providing more incentives to foreign investors.

Iran-Pakistan-India Gas Pipeline

The tri-nation Iran-Pakistan-India gas pipeline assumes special importance with the growing energy demands in India. India an intermediate power is significantly dependent on the availability of energy. To secure the long term energy requirement, the idea of bringing natural gas through pipeline has been gaining significance. The deficiency of natural gas is disturbing the power generations as well as fertilizer production in the country.¹⁵ It was in 1989 that Iran and India jointly developed a proposal for import of natural gas from Iran to India through a pipeline spread over land across Pakistan.¹⁶ Later on, India and Iran signed a MoU on the pipeline in 1993. The project was given a further boost when talks were held between Iran and Pakistan in 1994 for deliver natural gas from Iran to Pakistan and later Iran proposed to extend the pipeline to India and signed a preliminary agreement with India in February 1999. The IPI gas pipeline project also known as the “peace pipeline” as it appears beneficial for all the involved parties is aimed at constructing 1620 mile (2700 km) pipeline from Assalkyeh fields in Iran, passes through Baluchistan in Pakistan and end at the Indian border at Barmer, Rajasthan. Total length of this project was 2700 km, 1100 km would run in Iran, 1,000 km in Pakistan and 600 km in Indian Territory.¹⁷ The IPI gas pipeline project raises great hope and expectation in the region and it was believed through economic cooperation, the tension between India and Pakistan, especially the Kashmir issue could be subdual. Iran took great interest in the development of this gas pipeline project and earnestly sought to achieve it because it would give a boost for job

creation and economic prosperity of the provinces on the pipeline route; the enhancement of Iran's strategic position and standing, both regionally and on a global level, and regional economic integration.¹⁸ The initial cost was estimated at US \$ 4 billion, which was later increased to US \$7.6 billion. According to the feasibility study by BHP Billiton in 2003, the project fundamentals were strong and it could provide long-term affordable supply. The Indian cabinet approved the IPI project in 2005. There were seven tripartite meetings and India participated in six of them till 2007. The sticking points for India were pricing, transit fee for Pakistan and Pakistani assurance of security of supply. Iranian proposal was to supply gas at US \$ 4.93 per Million British Thermal Unit (MBTU) oil price US \$ 60 per barrel and to remain the basis of pricing gas for the entire 25 years of contract. However, later it sought modification of this proposal and asked for revision of the pricing every three years. India also had the problem of fixing the transport and transit fee with Pakistan.¹⁹

Iran's President Mohammad Ahmadinejad visited India in July 2008 and assured Iran's full co-operation for the success of IPI trilateral project and envisaged for quadrilateral agreement including China in this arrangement. Indian political establishment expressed keen interest for carrying out IPI pipeline to meet the growing energy demands. However, New Delhi put forth suggestions to Iran regarding the source, security of the gas pipeline in Pakistan and prospective participation of Indian companies in Pakistan in this joint endeavor.

In May 2009, India officially announced its decision to remain non-committal in IPI project due to combination of factors, including pricing and security issues and fear that Pakistan may pull the plug any time- stopping gas supplies to India. Other

factors include anti- Iranian pressure from the United States, and the possibility of less expensive domestic alternatives. In the June of the same year, Iran and Pakistan signed a deal to begin construction without India's participation. As it runs out of time and adoption, Iran is looking to China as a possible end consumer of the Iran-Pakistan pipeline.²⁰ India's hesitation in reaching an agreement on the proposed deal is no less influenced by United States opposition to it. The United States publicly oppose it in March 2005, when Secretary of State Condoleezza Rice visited New Delhi. The IPI came into the shadow of Washington, when India signed nuclear deal with United States in 2005. And it was usually reported that the Washington had warned India against following any energy deal with Iran, if it wanted to secure the nuclear deal.²¹ The Bush Administration opposed the project because of the controversial nuclear program crucial revenue it would give to Iran, which is facing punitive economic sanctions for its controversial nuclear program.

Indo-Iran Relations-In Eve of Nuclear Crisis of Iran

The controversy arose over the Iranian nuclear program which in 2002 has become a hot debated in the region and beyond. The West and the neighboring Gulf Arab States have alleged that Iran is enriching Uranium with an intention to make nuclear weapons. This has been a major concern for the countries of the region that fear shifting of the balance of power significantly in favour of Iran if it goes nuclear. They also allege that Iran intends to militarily dominate the Gulf region by making strong efforts in enriching Uranium. Iran has claimed that being a signatory of the NPT, it has got all the rights to develop its nuclear program for peaceful uses.²³

In the field of nuclear policy, India has cooperated with Iran on civil nuclear programs in the past. India sought to sell Iran a ten-megawatt research reactor to be installed at MqallenKalyaeh in 1991 and may have also considered selling Iran a 220-megawatt nuclear power reactor. While both were to be placed under IAEA safeguards, the United States pressured India not to go through with the sales, fearing that Iran would use these facilities to make weapons-grade fissile materials.²² The issue of Nuclear Cooperation again emerged in October 2004 during a discussion between the President Khatami and India's late National Security adviser J.N.Dixit, in Tehran. Topics of discussion included regional security as well as economic and energy cooperation. Iran reiterated its commitment with the IAEA and the Indian side confirmed, "New Delhi would always support Tehran's peaceful use of nuclear technology". Controversy arose over reports of two Indian nuclear scientists, Y.S.R.Prasad and C. Surrendar who took assignments to provide technical assistance to Iran's nuclear program. Both served as chairman and as managing director of the Nuclear Power Corporation of India Limited (NPCIL). The United States imposed sanctions upon them in September 2004 under section 2 and 3 of the Iran Proliferation Act (INA) of 2000. India objected to such sanctions and countered that Surrender had never visited Iran while in service or after his retirement and Prasad's visits and consultancy services were provided under the aegis of the IAEA. Ultimately, sanctions remained against Prasad while those against C.Surrendar were dropped.²⁴

Iran's quest for nuclear power involves Iran's claim that it is merely trying to develop nuclear energy, amidst suspicions that it is seeking nuclear capacity in order to develop nuclear weapons. Although Iran is a member of the Nuclear Non-

Proliferation Treaty (NPT), UN inspectors have found enriched Uranium in environment samples, increasing US suspicion that Iran is developing nuclear weapons. Although the Iranian Government had categorically ruled out any intention of acquiring nuclear weapons, India remains concerned about the hard-liner theoretic nationalists who have been ruling Iran over two decades. This all poses problems for India amidst a United States drive to have tougher and tougher sanctions imposed on Iran and talk of the possible military action. US hostility towards Iran places India in the suspicious position of having contradictory pressures from its two strategic partnerships: that with the USA and that with Iran.²⁵

To some extent India has given way to such US pressure. On the grounds of being a responsible nuclear nation, in September 24, 2005 India voted for the IAEA resolution finding Iran to be in 'non-compliance' of the safeguards obligation under the Nuclear Non-Proliferation Treaty and then it voted to refer Iran in the UNSC (United Nations Security Council) in February 2006. In this particular voting at the IAEA meeting of the Board of Governors, Russia and China abstained while India chooses to vote along with US and the West. The US termed India's support significant.²⁶ At that time, the Indian Government defended its vote as an independent decision by saying it worked actively to help Iran during stand-offs in the negotiation process and ensured that the issue remained with the IAEA instead of immediate referral to the UN Security Council.²⁷ However Iran's reaction was swift and it threatened immediately to cancel the LNG deal struck between the two countries in June 2005. The votes by India against Iran have upset Iran, who believes that India's vote has been coerced and bowed before the pressure from the US and other Western countries. However New

Delhi clearly stated that it does not want to view any further proliferation in its neighborhood as a conducive to its security environment. Such a position of India on the nuclear controversy has come to hamper the Indo-Iran relations at a time when the relationship was moving upwards after the signing of defense cooperation agreement in 2001.²⁸

Although Indian-Iranian relations were strained by India's votes at the IAEA in September 2005, February 2006 and November 2009, India's various actions demonstrated New Delhi's ability to finely balance its ties with Tehran.²⁹ Despite the IAEA votes, India realizes the importance of Iran and is against imposing more sanctions on Iran. It has always opposed any military action against Iran on the ground of its suspected nuclear program and always supported a negotiated settlement of the nuclear issue. External Affairs Minister Pranab Mukherjee, during high-level meetings in Tehran in February 2007, reiterated New Delhi's position that the nuclear issue cannot be resolved through military means and demands, "Dialogue, however strenuous it may be"³⁰ India has also time and again reiterated its stand that Iran has the right to develop peaceful use of nuclear energy while fulfilling all its international commitments and obligations. Though India is serious on improving its relationship with Iran, the Iranian nuclear controversy stands as a hindrance on the way.

Conclusion

India is one of the emerging world power with which Iran has established expanded relations. Iran's bid to engage with India and try to create a strategic cooperation has been politically motivated by its interest in defusing the US policy of isolating Iran. In

theoretical terms, this can be interpreted as a soft-balancing act. Iran want to make deep economic and defensive relations with India from the time the US counted Iran in the category of “Axis of Evils” in 2001 and started securitizing Iran’s nuclear programme. Such efforts were heightened by the US invasion of Iraq in 2003, due to which bilateral relation improved a lot and two countries moved towards a strategic partnership. The New Delhi declaration and the strategic cooperation roadmap were issued and the two countries reached significant agreements on energy, mutual defense, joint military exercise as well as Iran’s natural gas export contracts were signs for Iran’s policy of engagement with India with the aim of alleviating US pressures. The two countries interests were so cordial that India resisted against the initial US initiatives to sanction Iran. This, however, could not sustain as US pressure on India to impose Iran sanctions mounted. Observing the trend of the two countries relations from early 2000s resulted that there is a gap in perceptions from the concept of strategic cooperation between Iran and India. For Iran strategic partnership was meant to secure India’s cooperative stance in the course of confrontation with the United States. For India, the strategic partnership was to serve its economic interests, cope with regional security challenges and meet some domestic political needs. On the contrary, as the opponents of the theory of soft-balancing argue, India cooperated with Iran to simply serve its economic interests, improve its regional security and assuages the discomfort of its domestic opposition which was critical of close Indo-US relations.

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