Iran: Friendship at Stake? – RSTV: The Big Picture

Participants:

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Importance of this Episode:

- Iran on Tuesday criticised India for not fulfilling its promise of making investments in expansion of the strategically located Chabahar port and said New Delhi will stand to lose "special privileges" if it cuts import of Iranian oil. Iran's Deputy Ambassador Massoud Rezvanian Rahaghi said Iran will end the privileges being provided to India if it tries to source oil from countries like Saudi Arabia, Russia, Iraq, the US and others to offset cuts in Iranian oil. Referring to US sanctions on oil import from Iran, Rahaghi said his country has been a reliable energy partner for India and that Iran always follows a "rationale pricing" of oil which ensures the interest of both consumers and suppliers. The senior Iranian diplomat said it was important to work together to immunise the relationship between the two countries through adoption of necessary instruments and mechanisms.
- This edition of ‘The Big Picture’will analyse if the India, Iran friendship is at stake?

India Iran Relations

Analysis by the Experts:

What does one make of the statement from the Deputy Iranian Ambassador?

Ashok Sajjanhar, Former Diplomat, weighed in with his thoughts to this question.

- This is not the manner in which diplomacy is conducted. If a country has any particular problem or issue or grouse with some other country, then one does not air one’s differences in a public platform. There are issues that need to be discussed, and both India and Iran are friendly countries and our friendship has stayed warm through the thick and thin over the last 15-20 years. Our friendship was maintained even when there were sanctions on Iran. India continued to buy oil during this period. Officially, India hasn’t given any indication whatsoever that it is going to be pressurized by the United States of America. When the Iranian Foreign Minister was in India recently, after the withdrawal of the United States from the Iranian Nuclear deal, even at that time, the Indian External Affairs Minister had told him, in no uncertain terms and very categorically that India abides only by the sanctions which are approved by the United Nations. And that whatever individual countries might say or might do- such as imposing sanctions, India doesn’t go by them. Thus, nowhere has India officially said that she would be reducing her oil imports from Iran.
- The imports of Indian oil companies from Iran as well hasn’t come down. In April, 2018, India imported around 666,000 barrels per day for the whole month of April. This was also continued for the months of May, and June, 2018.
- One can also say that the Indian refiners wanted to buy as much oil from Iran before the sanctions started to kick in. But that notwithstanding, last year (2017), the imports were around 450,000 barrels per day, and before that in 2016, it was about 550,000 barrels per day. As far as Chabahar is concerned, we signed the trilateral agreement between India, Iran and Afghanistan in May, 2016, and within one-and-a-half years, we were able to operationalize the first jetty at the Shahed Bahesti port in Chabahar. From 2.5 million tonnes, the haulage (capacity) was increased to 8.5 million tonnes. We have also said that we would be investing the additional 500 million dollars that is required to
construct the train track from Chabahar going towards the border of Afghanistan. Nowhere have we said that we would be withdrawing from that. India stands by this commitment. Thus, the comments from the Iranian Deputy Ambassador is uncalled for.

**What has prompted the Deputy Ambassador to make these comments? Is he under pressure from someone?**

Waiel Awwad, West Asia Expert weighed in with his arguments.

- If we look at it from the angle of the Iran-India relationship, Iran has had a civilizational link with India for centuries. The main issue here is that of Iranian Oil. Iran knows that there is tremendous pressure on them after sanctions from the USA. India is the second largest importer of oil from Iran after China. India has to find its independent foreign policy with respect to Iran, irrespective of what the USA might think. This is because, it is vital for India to ensure that the supply of Iranian oil is sustainable and isn’t interrupted by American influence.

**Is the Iran-India friendship at stake?**

Prof. Swaran Singh, Chairperson, Centre for International Politics, JNU weighed in with his arguments.

- The Iran-India friendship hasn’t reached a crisis sort of a situation. The comments made by the Iranian Deputy Ambassador is uncalled for. But, what explains it is important. Does he see the relationship heading towards a crisis? The language used by the American President and the present American Secretary of State is clearly harsh and there is an anticipation that nations would fall prey to that kind of pressure from the US. Second, very recently, the Chinese have held the China-Arab states summit meeting and they have clearly underlined that China will not support any sanctions on Iran. In fact, China is going to increase imports from Iran. This is an example which Iran feels that India should also replicate and support. Iran has seen India once in a while, changing its policy towards her once in a while under American pressure. China has clearly given a counter signal in terms of standing with Iran on these issues. This may have prompted the Iranian Deputy Ambassador to cross the red line a little bit.

**What are the privileges that India enjoys when it comes to Iran?**

Ashok Sajjanhar, Former Diplomat, weighed in with his thoughts to this question.

- He believes that this is a question that he would also like to pose to the Iranian diplomat. It might be that we get a credit of about 30 days from other suppliers, and maybe we get a credit for about 60 days from the Iranians. But, that is because, Iran at that time had its back to the wall. There were sanctions on it, and they were not able to export to any other country. The special privileges extended were designed so as to meet the needs of both sides. After all, going forward, India is going to be the largest market for energy resources for the next 10-30 years or so. Thus, if there are countries in the market, then they are also looking for assured markets for their supplies. To that sense, India has always proven to be a very good destination.
- About 10-12% of our energy requirements are sourced from Iran. We have also had a little bit of a disagreement with them on the Farzhad-B gas field. That was also one of the reasons why our imports in 2017-18 came down a little bit as compared to the previous year. Thus, there are some commentators and analysts who are suggesting that it took place because of the pressures from America, but that is not truly the case.
- We started talking about Chabahar in the early 2000’s. But essentially, most of the work done on it has happened after 2016, after the tripartite agreement that was signed between Indian, Iran and Afghanistan. Thus, Iran can’t really point a finger against India that she is going slow- it is actually in our own strategic interest that we have to complete Chabahar as quickly as possible as there have
been several consignments that have gone to Afghanistan such as wheat. Thus, our direct access to Afghanistan as well as to Central Asia is through Chabahar port. Also for the International North-South Transport Corridor (INSTC), which is very important and vital as far as this is concerned. As far as the oil offtake is concerned, in terms of the quantities that are being lifted from Iran, we don’t see any sign of a quantum that has come down. Also, we are in very active conversation and negotiation with the Americans. China is acting in a manner that it has because it has its own battles to fight with the United States (this is largely being done by China in response to the tariff barriers raised by the US). Also, we have stood up to the United States on Myanmar, we have stood up to the United States on DPRK (the US had asked India to close her embassy there, and we said a categorical ‘no’ that we won’t be closing our embassy there). When it comes to safeguarding and protecting and promoting our interests, we are going to stand up to the United States.

The Americans have said that November 4th 2018 is the deadline. Is this diktat from the Americans a deadline that we should keep?

Waieal Awwad, West Asia Expert weighed in with his arguments.

- The Americans are applying pressure not only on India but on most countries that are conducting business with Iran. Ever since Donald Trump has come into office, he has been advocating an anti-Iranian policy. From India’s point of view, she has diversified her resources from all over the world, but Iran is a vital supplier of oil and natural gas. If India sticks to its own doctrine of national interests and of security and energy, she can face the pressures from the United States.

How important is Iran for India from an energy point of view? And from a security point of view?

Prof. Swaran Singh, Chairperson, Centre for International Politics, JNU weighed in with his arguments.

- Iran was in the past the second, and now currently, the third largest supplier of energy to India. We noticed that in the first quarter this year (2018) that there was a spike in the lifting of crude oil from Iran (about 24% spike). This was especially so in the case of stage refineries. Was this done in reaction to a sense of panic that India may respond to American pressures or was this done at the state level to spike it to an extent to show the numbers coming down? This would be a very clever strategy. Even now when we talk in the media circles, about the 16% reduction in terms of the imports in the month of June 2018, compared to May 2018, some of the state enterprises are still rising by 10%.

- Thus, it is a mixed and complicated picture which is hoped to be calibrated soon, or this could be just coincidental that people are responding to a given situation. With regards to what might happen on the 4th of November- well the Americans have already anticipated this. The Secretary of State of the U.S. has already said that they would be more than happy to make some exceptions towards India, knowing fully well that Iran is such an important partner for India and that one cannot reach a ‘zero’ imports situation with Iran. But, all these developments imply the political symbolisms as to how one responds to pressures being put by the Americans on Iran and on other suppliers.

- The Americans are also saying that sanctions will be placed on nations importing from Iran- now does India stand up to that and respond politically? Or would India hedge this and keep playing with statistics? There are important choices for India to make for India to be seen as an important player in foreign policy.

Concluding Remarks:

- Initially, Mr. Trump withdrew from the JCPOA because all indicators were that all the other partners said that Iran was meeting its obligations and commitments according to the JCPOA. Even the IAEA had also said this. Mr. Trump said that the Iran Nuclear deal is not good enough because it does not cover the missile testing, and that it does not cover the activities of Iran in Syria and some of the
other places in West Asia and the middle-east. Thus, all this also needs to be introduced there (introduced in the agreement). This was clearly very unreasonable because the JCPOA agreement was not designed to deal with those issues. That having been said, Trump did withdraw from the JCPOA, and at that time, his stated objective was getting a change in the regime. There is a delegation that is due to visit India on the 16th and 17th of July, 2018.

- It is hoped that this delegation would work out a via media; last time India was able to get a carve-out exception. It is hoped that this meeting would also yield a similar outcome. This is because, it is impossible to get to a zero figure of imports from Iran by November 4th. After all, Iran produces around 2.7 million barrels of oil a day- thus can the production, whether by Saudi Arabia, Russia, and the United States be increased to meet that shortfall? Well, this is not possible. Even OPEC has said that only 1 million barrels per day can be increased. It is also felt that there would be an impact in terms of uncertainty in the oil prices as far as the world economy is concerned and also in particular, on India. Fiscal deficit, current account deficit, and inflation indices would get affected. Thus, it is hoped that India would be able to negotiate something with the United States. As in the past, there is going to be a significant reduction, not amounting to ‘zero’, but around a 20% reduction over the next 6 months. This is something that India will be able to live with and Iran would also be able to live with and India should be in a position to persuade the United States also to live with.

- When we look at the chronology of the American policy in the region, it has been that of a regime change. Also, the influence of the Israeli policy on Trump is the highest. After the revolution of 1979 in Iran, there has been a trend of American sanctions against Iran. In conclusion, India has to take an assertive stand against Iran on issues like these in the region. Iran is not just today the target of Americans; Iran has been isolated in the region for over 20 years. Regime change is no longer an acceptable word anymore- thus, this sort of policy isn’t expected to deliver in any manner. India has stood with Iran on many occasions in the past and there are only very few occasions where we have chosen to side with the Americans instead. It is hoped however that a little more assertion is shown by India going forward.

An important note:

- Towards the end of this program, Akhilesh Suman, Foreign Affairs Editor RSTV, joined the program via phone line with an important update.
- Iran's deputy ambassador to India Massoud Rezvanian Rahaghi issued a clarification and said Tehran would do its best to "ensure security of oil supply to India" through a range of flexible measures. "Coercive literature has never had a place in the history of Iran and India relations and their dialogues."
- Further, he went on to say that "Iran understands the difficulties of India in dealing with the unstable energy market and it has done and will do its best to ensure security of oil supply to India through offering various flexibility measures which facilitate our bilateral trade in particular Indian export to Iran."
- In conclusion, he added that "If India were to replace Iran with countries like Saudi Arabia, Russia, Iraq, US and others for the 10 per cent of its oil demand then it may have to revert to dollar-denominated imports which mean higher current account deficit (CAD) and deprivation of all other privileges Iran has offered to India."