

## India-Iran: The Way Forward: RSTV – The Big Picture

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### Larger Background:

- Iran's Foreign Minister Mohammad Javad Zarif held talks with his Indian counterpart in the national capital recently after New Delhi stopped purchases of Iranian oil in the month of May, 2019, in the wake of renewed US sanctions.
- Zarif who was on a two-day visit to India said the US is unnecessarily escalating tensions.
- India was Iran's top oil client after China, but halted imports after Washington reimposed sanctions on Iran and later withdrew waivers to eight nations, including India, which had allowed them to import some Iranian oil.
- Washington wants to block Iran's oil exports after US President Donald Trump pulled out of the 2015 accord between Iran and six world powers to curb Tehran's nuclear programme.
- The sanctions have more than halved Iran's oil exports to 1 million barrels per day or less, from a peak of 2.8 million barrels per day last year (2018).
- According to media reports, Iran is insisting on exporting at least 1.5 million barrels per day of oil as a condition for staying in an international nuclear deal.
- On this edition of the big picture we will analyse the way forward for the India-Iran bilateral relationship.

### The Status of the bilateral relationship between India and Iran:

- The bilateral relations between India and Iran are under some stress. This is because India has been the second largest importer of oil from Iran. However, if you look at the totality of the relationship, India's relationship with Iran are truly historical, civilizational and cultural.
- This relationship spans across the fields of art, music, cuisine, culture, architecture, etc. There is a very long history that binds the countries together.

### The Chabahar Port:

- Further, if one is looking at the current day scenario, one finds that energy and security is a very important element of India's bilateral relationship with Iran. However, in addition to this, there are also many other strands. For instance, India has been engaged in Chabahar for a long time now. India started working on the Chabahar port in 2003, but after the JCPOA was signed, in 2015, the Chabahar port project caught pace.
- As a matter of fact, this picked up further pace when Prime Minister Narendra Modi visited Iran in the middle of 2016. This was a time when the President of Afghanistan, Ashraf Ghani was also invited and a trilateral deal was signed on the expansion and renovation of Chabahar. This was done from May 2016 when Prime Minister Modi visited Iran till December 2017.
- In one and a half years, the capacity of the Shahid Beheshti sea port (Phase-1) was expanded from 2.5 million tonnes to 8.5 million tonnes.
- India has also started exporting wheat and other commodities to Afghanistan.
- This also assumes importance because it gives India access to Central Asia. By extension, one can also reach Russia and Europe through this route. Thus, this is a very strategic asset as far as India is concerned.

- It also makes great sense as far as Iran is concerned. This is because it provides it with an access as well and the possibility of reaching out to Russia and to other countries.
- The **International North-South Transport Corridor** (on which discussions have been going on for a long time) also has been taken up. Although much work around this was done at the end of the 1990's, however it has taken up speed over the last 3-4 years or so.
- Further, if we look at the situation in Afghanistan, we realize that Iran is an important partner. This is because, like India, even Iran wants that the peace and reconciliation process which has been going on, is an Afghan owned- Afghan controlled peace process.
- Today we find that both Russia and Iran are looking at cutting some sort of a deal for entirely their own reasons.
- However, they want a peaceful and quick solution, perhaps with the involvement of the Taliban as well; however, the underpinning point is that the interests are similar.
- It is important to note that barring the oil element, because of the U.S. sanctions, the relationship is on a strong footing. Even concerning oil, there are some discussions on how to skirt and get around it.

### **Waiver on Chabahar, but no waiver on oil:**

- Chabahar is important to the Americans also, this is because Chabahar provides one with links to Afghanistan. Furthermore, when one is looking at American interests in Afghanistan, one observes that they are also looking at a situation not far in the future, by which they can actually sideline Pakistan.
- While the Americans may have their differences with the Iranians today, it is not necessary that they would have their differences with the Iranians tomorrow. Thus, putting a stop on Chabahar is definitely not in the long term interest of the United States.
- The other point to keep in mind is that the Americans are looking at making a quick getaway from Afghanistan. One is not very certain as to how that would happen, as there is no way that one can get the Taliban on board along with the present government in Afghanistan. It is either one or the other.
- Thus, the thought process that one can get both on board, and that both can run the government together is a pipe dream. It is certainly not going to happen.
- Perhaps, the better course would be to ensure that the present government in Afghanistan becomes a strong government, and is in a position to take on the Taliban on their own, with some sort of external support from the western powers, including the United States of America.
- If this option has to be exercised and one doesn't want Pakistan to be in the picture (because Pakistan is very firmly behind the Taliban), then once again, the Chabahar port becomes very important as this is the only route which can actually put in resources into Afghanistan.
- This is the reason why the Americans are looking at Chabahar in a slightly different way.

### **American Pressure on Iranian Oil:**

- Oil is giving revenue to Iran. If the Americans choke Iranian revenue, then they would be in a position to force the Iranians to come to the negotiating table. This is where the danger lies as to how far the Americans would go? And how much can the Iranians take?
- Some questions also arise:
  1. Are the Americans only looking for a regime change? Or are they looking for something more?
  2. How exactly would the revolutionary guards operate? What would the Iranian government do?

Thus, there are many question marks in the equation, however, if it leads to conflict, then unfortunately, the situation especially for India is going to be catastrophic.

### **Economic Implications on Iran after the U.S. sanctions:**

- All the data that has come out of Iran in the past few months points to a very grim picture as far as the Iranians are concerned. The sanctions on Iran this time are particularly problematic because these sanctions are specifically targeted as well.
  - Thus, the Americans have not only looked at the range of sanctions aimed at crippling the Iranian economy, but also one of the arguments that the Americans have made is that resources should not go to the revolutionary guards.
  - Thus, the Americans are targeting the assets of the revolutionary guards as well.
  - The common understanding is that, as the Iranian economy begins to crumble, one would have an insider revolution that may attempt to topple the regime, and one wouldn't have to work around it militarily. However, this can also go the other way. If you tighten the screws more, then the rally-around-the-flag effect happens, and so the Iranian regime may become more secure.
  - An important point to keep in mind is that if problems escalate in the region, then it becomes an issue not simply about the Straits of Hormuz for example, but also about the larger regional energy supplies, and this affects not simply the region itself but also the partners of the region, including India, China, and other major powers that are dependent on the region for their energy security needs.
  - So, what we are now looking at is a problem that was largely about Iran, and to cripple the Iranian economy, but now manifesting itself into a potential flashpoint in the larger regional landscape.
  - Thus, the larger region gets embroiled in the binary between the U.S. and the Iranians. Of course, the Arab-Gulf states have always had a different understanding and they have decided to side with Washington on this crisis.
  - It is important to note that the Iranians have been through this a number of times, and there has been an extreme degree of resilience which the Iranians have shown time and again.
  - Thus, it is not entirely evident that if one keeps on tightening the screws, the resultant effect would be a regime change in Iran.
  - Currently, the Americans are preparing for a show of force- as a matter of fact, they have already sent a few of their bombers and patriot missiles there along with their aircraft carriers. Thus, the Americans are working on multiple fronts. However, certain questions emerge:
1. What happens if there is an inadvertent escalation of the crisis? The Iranians are also at this point sabre-rattling. They are also making it clear that they are preparing themselves militarily.

### **Is the situation likely to worsen?**

- The current situation is essentially brinkmanship in the classical sense being played by both the sides. However, what is it that the United States is aiming for? And what might be those objectives? These are some of the important questions that need to be answered.
- There could be either of the two situations:

#### **a) A regime change**

However, whenever a regime change has taken place, the United States should have realized by now that from examples ranging from Iraq, to Libya, to Egypt, or to other places, nowhere has a regime change in that sense been successful to have brought in a regime that is more friendly towards the United States. Thus, even if Mr. Rouhani goes out, what could be expected is a more hardline regime.

We have also seen in the recent past that when Mr. Rouhani won the elections in the year 2016, on the basis of the fact that in the year, 2015, the JCPOA had been signed, meaning that sanctions would be removed and the living conditions of people would remove- however; this did not happen.

In 2017, one had seen many protests and demonstrations; there were also demonstrations by young women; there were also bread riots because essential items were not available. Thus, this seems to have given some

indication of hope to the Americans that if the sanctions are re-imposed again, then they would be pushed to the wall. There would again be protests and demonstrations and Rouhani might have to leave.

### **b) Getting forced to come to the negotiating table:**

President Trump not only wants to curb Iran's nuclear programme, but he also wants to curb its missile programme. He also wants to put a stop to the so called "terrorist" activities of the Iranian government- for example, Hamas in Gaza and Hezbollah in Lebanon and so on. These are the objectives that the U.S. is trying to achieve.

Having said this, one makes the observation that Israel is very happy with these developments. Israel would be happy to launch pre-emptive strikes at Iranian establishments. Thus, anything could happen either intentionally, or unintentionally.

### **What happens to the Nuclear Deal?**

- The JCPOA was supposed to be in place for a period of 10 years. This means that it started in 2015 and would have been in force till 2025.
- There were certain controls placed on various aspects of Iran's nuclear programme.
- As of now, the Iranians have also said that they would be pulling out, but they have not taken any action so far. Having said this, at some point of time, something has to give.
- One is not very certain whether Iran would like to go through and make nuclear weapons.
- A question arises: Can India play a mediatory role between the Iranians and the Americans on this particular issue? Although one is not certain as to how far this would go because Iran is very self-centered and would look upon things as a matter of national prestige.
- It would be wise on the part of both the United States and Iran to work their way around it. The other problems can be handled for example, Iran's support to Hamas.
- Further, Israel is very sensitive about Iran's nuclear programme, and its missile programme. The Israeli's look at this as a life threatening situation. Iran should give an assurance that its nuclear weapons and missiles would never be used against Israel- such kind of an assurance will bring tensions down to a large extent.

**From an Indian point of view, if the Straits of Hormuz are closed, then India's imports of oil from Iraq, from Kuwait, etc. would also be hit. The country most affected would be India and we must put all diplomatic efforts to see that the region remains stable.**

### **How does India take the bilateral relationship with Iran forward?**

- There are huge issues as far as India's energy security is concerned. One would hope that some of this concern would be conveyed to the Iranians.
- Secondly, given that India has very strong ties with the U.S., the question is what India can do to leverage those ties in terms of articulating a more responsible regional framework?
- Currently, there is a sense of despondency in Iran as far as the international community is concerned. They initially thought that the European Union would play a very important role in terms of articulating a response to the American Troop withdrawal.
- Another aspect which is also interesting is China's role. It is important to note that India is still a small player as far as Iran is concerned. On the contrary, China is a huge player. Thus, if you look at China's voice, they haven't said much. This is because of the ongoing trade negotiations between Beijing and Washington.
- Unless the Chinese speak up, a rallying effect would not take root in the region.
- In a sense, Washington has played its cards very well- they have escalated this question at a time, when they hold cards viz. a viz. the Chinese, who are perhaps the most important player in the middle-east currently.

- Having said this, India's role becomes important as India is away from these global geopolitical currents and can take a more dispassionate route.

