
Revisiting India's Iran Policy: Prospects and Challenges

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Introduction

Indo-Iran relations date back to thousands of years in the past in terms of cultural and economic ties. Most of the Iranian officials and experts often refer to historical and civilizational links between the two nations as an important basis for cooperation. In this regard, language and culture are important areas that led to the strengthening of relations between the two countries. Both the countries focus on a wide spectrum of bilateral issues including energy security, closer cultural and strategic ties and the fight against terrorism.

India and Iran established modern diplomatic relations with the signing of the 'Treaty of Friendship' in 1950, which called for "perpetual peace and friendship".¹ However, during

the Cold War period, India-Iran relations were largely shaped by different ideological directions. Mohammad Reza Shah Pahlavi of Iran was effectively under the American led bloc. Iran as a member of the Baghdad Pact also maintained close ties with Pakistan. Pandit Nehru, on the other side, was a champion of Non-Aligned Movement (NAM). Iran also provided diplomatic and material support to Pakistan during the Indo-Pak wars of 1965 and 1971.² However, Iran never halted supplying oil to India that reflects her willingness to sustain the ties with India.

Changing paradigm

To counter the differences of the Cold War era, India's then Prime Minister Indira Gandhi and Iran's President Shah paid corresponding

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visits in 1974 to their respective states. The intention was to change the equations for the betterment as the former was engaged to dissipate the misconceptions created by the India-Soviet Friendship Treaty of 1971 and the latter intended to play a significant role in West Asia. Again, the establishment of the Islamic regime in Iran did not halt the relations but created some hindrances to improve or increase the pace. The situation became more complex with the Iran-Iraq war. This war put India in a difficult situation as the country did not want to annoy any of the two, as both were important exporters of oil.

The early phase of post-cold war witnessed the world facing a new situation. The changing circumstances at international level forced India to evolve suitable responses while breaking the old tradition of dealing with the world. The changing regional situation, threats to India's security, nuclearization of China and Pakistan, and the state sponsored terrorism from across the borders compelled India to act according to new realities. India's realization of economic development as a new and effective tool to influence world affairs also paved the way for her changes in foreign policy orientation since the beginning of post-cold war era. India's foreign

policy priorities were to prevent any threat to her unity and territorial integrity, ensure geopolitical security by creating a durable environment of stability and peace in the region and create a framework conducive to the economic well-being of the people. The then Prime Minister of India, P.V. Narasimha Rao's visit to Central Asia, Iran, Oman and other places were the steps to assure the same policy initiatives.³

Iran situation

Iran, on the other hand, experienced strategic loss in terms of her economic weakness and poor relations with the United States. The two wars and the increased military presence of the United States in Persian Gulf reduced Iran's regional influence. The country saw the US efforts to encircle her militarily, as admitted by the US Secretary of State James Baker on his first visit to Central Asia in February 1992, that the US policy design is to counter Iran. Subsequently, in May 1993, the US articulated a "dual containment" policy to equate Iran with Iraq and to impede Iran's economic development.⁴

Moreover, the states to the north of Iran were politically unstable, and Iran was also concerned about ethnic conflicts which could spill over into

her territory. Iran also got the realization that her relations with Russia and the Persian Gulf states were also central to her interests. Thus, Iran's foreign policy accommodated the changing dynamics in the region while promoting regional ties and consolidating her relations with rest of the countries.⁵ It was because of these domestic, regional and international compulsions that India and Iran came close in post-cold war era.

Post Cold war scene

With the end of cold war, India and Iran became closer due to their security threat perceptions as well as due to the emergence of Pan-Americana in the West Asian region. The 1990s phase witnessed improved relations between the two countries due to many factors. Firstly, both the countries focused on long-term partnership in energy sector. Secondly, both of them were in favour of a peaceful settlement in Afghanistan through the establishment of a broad-based government representing all ethnic groups. Thirdly, both were concerned due to security reasons and economic dealings in Central Asia. The dominance of Taliban in Afghanistan during 1990s concerned both India and Iran and the common challenge of rising Islamic fundamentalism in

Afghanistan and Pakistan brought them together. Thus, in post-cold war era both the countries realized the significance of enhancing their wider relations instead of concentrating representing the divergent views on certain issues such as Kashmir. This convinced them on improving mutual relations and led to a series of formal high-level state visits of high level dignitaries of the two countries.

Thus, a new era of relationship began since early phase of post-cold war when India's then Prime Minister Narsimha Rao visited Iran after the Islamic revolution followed by the reciprocal visit by Iran's then President Ali Akbar Hashemi Rafsanjani to India. With the establishment of "Indo-Iran Joint Commission" in 1993 began the institutional mechanism with the purpose to guide the bilateral relations on economic issues at the foreign ministerial level.

India's Prime Minister, Atal Behari Vajpayee paid a four-day visit to Iran in April 2001 that was described by Iranian then President Muhammad Khatami, as "a new chapter in the field of human and international relations".⁶ During this visit Tehran Declaration was signed that included bilateral cooperation in the areas of energy, transit and transport, industry, agriculture and service sector as well

as to promote scientific and technological cooperation including joint research projects, short and long-term training courses and exchange of related information on regular bases. Thus, the Tehran Declaration accelerated India-Iran cooperation on a wide array of strategic issues including defense cooperation. The two countries also signed four accords in the areas of information technology, training in professional and technical areas, trade and economic cooperation and an accord for cooperation in customs.⁷ The first meeting of Indo-Iran Strategic Dialogue was held in October 2001 that focused on three areas of mutual concern viz. regional and international security perspectives, security and defense policies of India and Iran, and the issues related to the international disarmament agenda.⁸

The New Delhi Declaration

The relations got a boost when the Iranian President Mohammad Khatami was invited as the Chief Guest during India's Republic day celebrations in 2003. The visit led to the signing of the famous "New Delhi Declaration, the Road Map to Strategic Cooperation" and seven other agreements regarding economic exchanges, science and technology, information technology,

educational training, reconstruction of Afghanistan and anti-terrorism.⁹ The most substantial framework guiding Indo-Iranian relations is the *New Delhi Declaration* along with seven additional Memoranda of Understanding.¹⁰ The declaration assured the deepening of engagements which extended to military cooperation. The agreement also focused upon international terrorism, the role of United Nations in Iraq, shared interests in the reconstruction of Afghanistan, enhancement of cooperation in the areas of science and technology, hydrocarbon and water issues and mutual interests in exploring education and training opportunities.¹¹ Another key instrument signed during Khatami's 2003 visit was the "Road Map to Strategic Cooperation" with the focus on diversifying areas of engagements beyond hydrocarbon trade and increasing the level of interactions in national security issues. Regarding the cooperation in energy sector, the Delhi Declaration described that 'India and Iran have complementarities of interests in the energy sector, which should develop as a strategic area of their future relationship'. Iran, with its abundant energy resources and India with its growing energy needs as a rapidly developing economy are natural partners. The areas of cooperation in

this sector include investment in upstream and downstream activities in the oil sector, LNG/natural gas tie-ups and secure modes of transport.

In June 2005, the two countries signed a deal, under which Iran would supply India 7.5 million tons of liquefied natural gas annually for 25 years beginning 2009 and India would participate in the development of the Yadavaran and Jufeyr oilfields in Iran. The trade between the two countries also witnessed remarkable increase after the New Delhi Declaration.

India's strategic objectives

India is one of the fastest growing economies and intends to maintain the growth rate. The country looks for stable and economically viable hydrocarbon suppliers. Thus, Iran is significant for India to sustain her fast growing economy. Iran has the strategic and economic significance for India. With a huge population and an increasing growth rate, India desires reliable suppliers of energy and Iran has the potential to address these aspirations of India. Iran also holds her importance to regional and world politics even under the shadow of her much controversial nuclear programme. India calculates it as a diplomatic and strategic miscalculation not to try to sustain ties

with Iran if the country has to extend her influence beyond the South Asian region to Middle East and Central Asia. The industrial sector, transportation, the steel industry and the oil sector provide a lot of room for India to cooperate with Iran.¹² For India, Iran is an important regional player in West Asia and has the geo-strategic significance. Significantly, Iran has the intention as well as resources to be a regional power in West Asia. India, on the other hand, with her expanding population and growing energy consumption presents an enterprising market for Iran. Iran, increasingly being subjected to international scrutiny would not want to lose the friendship with an emerging power centre like India.

The Challenges

However, there are many challenges faced by India in pursuing her policy towards Iran. Iran has been insensitive to many issues, which are of great concern to India. The country has never supported India's case in the Organization of Islamic Conference (OIC) but has rather supported Pakistan consistently.¹³ For instance, the OIC appointed a special envoy on Jammu and Kashmir in October 2009 that New Delhi viewed as part of Pakistan's efforts to internationalize the Kashmir issue.¹⁴ Iran's response

to the Mumbai terrorist attacks on November 26, 2008 also matters for India. When the United States, Britain and India more or less held Pakistan responsible for the attacks because of its inability to control terrorist groups operating out of her soil, Iran expressed a different opinion in this regard. One of the progressive yet controversial ventures between India and Iran is the proposed 2,775 kilometer Iran-Pakistan-India gas pipeline. The internal situation in Pakistan is making it difficult to materialize this project. The government and military in Pakistan are largely busy in dealing with the terrorism existing therein. Even the Iranian officials have hinted at the possibility to include China into the proposed trilateral project.

The relations between India and Iran have come under serious strain since India's increasing engagements with the United States. The Indo-US nuclear deal came at a time when suspicions were rising against the Iranian nuclear programme. Under the Presidency of ultra-Conservative Mahmoud Ahmadinejad, Iran's relations with the United States "touched the abyss and the nuclear impasse worsened".¹⁵ This has affected the India-Iran relations. India's economic and military engagement with Israel is another hindrance that creates

strains in Indo-Iranian relations. However, despite all these hindrances, both the countries sustained their comprehensive relations and high-level visits. As stated by C. U. Bhaskar, former deputy head of the Indian Institute for Defense Studies and Analysis, "Although it is true that over the years India has got itself closer to the United States; India never desires to see the improvement of its US ties to destabilize New Delhi's relations with Tehran".¹⁶

Areas of Cooperation

India and Iran could extend cooperation in Afghanistan as both of them have common economic, strategic and commercial interests in this war torn nation.¹⁷ Both of them oppose the Taliban and previously they had backed the Northern Alliance in the run-up to the ouster of Taliban regime.¹⁸ The cultural and religious ties between Iran and Afghanistan are strong, and can provide Tehran with a substantial amount of political advantage,¹⁹ even after US withdrawal. This can help India to sustain her presence in Afghanistan. There are prospects of trilateral dialogue between India, Iran and Afghanistan on transit routes to Central Asia. The trilateral agreement between these three countries to develop the Chabahar

route through Melak, Zaranj and Delaram can facilitate regional trade with Afghanistan and Central Asia, thus contributing towards enhanced regional economic prosperity.

The significance of Chabahar Port was highlighted by India's then foreign secretary Nirupama Rao by stating that the this project is "at the heart of the common vision that India and Iran have for Afghanistan and the region as a whole, of increased and easier flow of goods, and creation of a network of transport routes and energy pipelines that will bring our people together in an arc of stability, prosperity and peace".²⁰ India has already completed 200 km of road in Afghanistan, linking Zaranj and Delaram that connects the Iranian border and there is the possibility to extend this road to Tajikistan and Uzbekistan that, if happened, will improve regional trade and transit.²¹ There is also a need for cooperation between the two countries in dealing with the economic reconstruction of Afghanistan, assuring the representation of all ethnic groups in Afghan polity as well as dealing with the fundamentalism and terrorism in Af-Pak region. Both the countries, as a joint venture, can help stabilizing Afghan crisis and assuring an inclusive democracy capable of representing all ethnic groups therein.

India and Iran have also signed an agreement in April 2008 to establish a new rail link between Iran and Russia. Iran is looking for a market to export her resources. India's large and financially growing market is a good destination for Iranian resources. India can help in preventing the spread of terrorism in the region as well as minimizing the drug trafficking.

Both the countries have their respective perspectives and processes of foreign policy decision-making and are bound to have some differences. However, in an interdependent world, they have to remain selective in their engagements. India has to engage private sector in Iran for infrastructure and industrial development. Iran has to assure her foreign investment policy for Indian companies. There is a requirement to bridge the communication gap between the think tanks, universities and other agencies of both the countries. They have to enhance the high-level visits. Enhancing people-to-people contact must remain at the centre of their foreign policies. The bilateral relations must be based on the reciprocity and mutuality of the interests. Both have to enhance the cooperation in energy sector as well as on the security issues. Besides being experienced and influential

member of Non-Aligned Movement (NAM), India's high influence in the international organizations and institutions will open a new front for supporting Iran in confronting with the West. ■

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