

An Overview of India-Iran Relations: Its Importance and Challenges

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Publication date: 23 May 2021

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Introduction

By forging close trade, security, and defence cooperation relations with the majority of Middle Eastern countries, India's foreign policy has shifted from "Link West" to "Act West", resulting in action-oriented policy from mere linkage policy. Historically, over the centuries, India and Iran have had considerable shared cultural history. However, in the last few decades, the Indo-Iran relationship has witnessed several ups and downs. The relationship waned due to India's proximity to the erstwhile USSR and Iran's to the USA in the cold war era, Iran's support to Pakistan against India and India's support to Iraq in the Iran-Iraq war. However, post-Iran's 1979 revolution, the relationship strengthened because of the common stance adopted by both the nations in Afghanistan supporting the Northern Alliance and the anti-Taliban government of Ashraf Ghani.

The Present Geo-Political Scenarios

In present scenarios, the Indo-Iran relationship has become of paramount importance, more so in the backdrop of USA sanctions for Iran's nuclear program, emerging geo-political importance of Central Asia and China's hegemonic designs. For India, Iran has emerged as the second largest exporter of oil and hydrocarbon. For Iran, India is developing strategic Chabahar port, the oceanic gateway to Russia, Central Asian landlocked countries and Afghanistan as also investing in other developmental projects. With this port, India will be the beneficiary of the fossil fuels and other raw materials available in these countries and will aim to get a strategic foothold in this region to impede China's footprints. On the other hand, Iran will earn huge revenues as the port is becoming a commercial hub with strategic importance as also will assist in shaping the conditions for Iran to emerge as one of the most important players in the Central Asia region. India has to counter-balance its overt support to the USA for opposition to Iran's nuclear program with other initiatives to garner the trust of Iran and have a strategic alliance. India also has to counter the increasing influence of China that is evident with the inking of \$ 400 billion deal for strategic partnership for the next 25 years between China and Iran in exchange for a steady supply of oil to fuel its growing economy under a sweeping economic and security agreement signed on 27th March 2021.¹ The deal may deepen China's influence in the Middle East and undercut American efforts to keep Iran isolated. And India cannot remain as a bystander as it will be equally affected.

¹ <https://timesofindia.indiatimes.com/world/middle-east/china-with-400-billion-iran-deal-could-deepen-influence-in-w-asia/articleshow/81730964.cms>

More than 7-8 million Non-Resident Indians (India diaspora) are residing in the Middle East², which means that the government of India should uphold cordial and good relations with all the countries of the region. History has shown occasions when India and Iran had strong bilateral ties and involved with each other, and sometimes circumstances have forced friction and disagreement amongst these two nations.

Iran's position exerts a great influence on geopolitical relations as it plays a significant role in determining the future of international relations in West Asia. It has the capability to become a regional hub for trade and transit in the larger West Asia region. Among the important things that India hopes to gain from better ties with Iran is access to Afghanistan (Zaranj - Delaram Highway being built with financial aid from India) and Central Asia to achieve its political and security objectives in this region. For Afghanistan, the Chabahar port has the potential to provide resources and lessen the dependence on Pakistan, and it will also help the country to revive its economy and overcome the depravity of war-ravaged society.

Port of Chabahar & North South Transport Corridor

The Port of Chabahar is located in the south-eastern part of Iran, on the Gulf of Oman. It can become a significant and strategic location for India to link it with Central Asia and assist India to consolidate its maritime security by countering China's String of Pearl's policy. It would also counterbalance China's presence in the Gwadar deep seaport in Pakistan's Baluchistan region. The proximity of the ports, the ports of Chabahar and Gwadar are merely 100 km apart, is likely to be a flashpoint to intensify the rivalries between India and China, with Iran and Pakistan as vital players. India is certain of the economic and energy security value of the Chabahar port, and it will not like to be placed in a disadvantageous situation in losing its sight.

Iran as a country has been termed as "Golden Gate" due to its close proximity to the landlocked countries, hence becoming an important country for an alternative trade route. The port is also part of the International North-South Transport Corridor, which links India to Eurasia and Russia. India has been the key provider in the construction and development of the Port of Chabahar, on the Persian Gulf, in Iran. India and Iran began negotiating the construction of Chabahar, which was initiated by India as early as 2003, but the agreement was not completed until 2015. Prime Minister Narendra Modi eventually signed the Memorandum of Understanding (MoU) in 2015, after a ten-year wait under the UPA government. The Indian Navy will be able to keep a close watch on Chinese ships coming in and out of Pakistan's Gwadar port.

² Maini, Tridivesh Singh, (2020), *Chabahar Port and India-Iran Relationship*, Available at: <https://moderndiplomacy.eu/2020/10/09/chabahar-port-and-the-india-iran-relationship/>



In the long run, the project has been successful in getting waivers from the U.S. sanctions. Modi was in Tehran for the trilateral agreement between India-Iran-Afghan in 2016 and, it was decided then to give the shipping port infrastructure greater utility as a transport and trading corridor for the three countries. In 2017, Shahid Beheshti Port, a part of Chabahar was inaugurated by Iranian President Hassan Rouhani. Since 2018, the port is on lease with India. The lease agreement was signed between India Ports Global Limited (IPGL) and Iran’s port and Maritime Organisation. Over the period of time, the Chabahar port is likely to ensure India’s energy security concerns are fruitfully met.

Delicate thread of ensuring Energy Security

Energy security has been one of the most critical aspects of the world's economies and society. Energy security encompasses being able to obtain the amount of energy and alternate supplies of energy at an affordable price. According to United Nations Development Programme (UNDP) World Report, energy security is defined as the availability of energy at all times in various forms, in sufficient quantities and at affordable prices, without unacceptable or irreversible impact on the environment. With the climate getting worse, Asia Pacific Energy Centre, in its report “A Quest for Energy Security in the 21st century”, defines energy security as the ability of an economy to guarantee the availability of energy resources supply in a sustainable and timely manner.

Energy Security is a prime factor for India as 70 per cent of India’s energy needs are supplied from West Asia.⁴ The geopolitical importance of the immense amount of oil and natural gas in West Asia has always been of interest by the world's superpowers. As a result, Indian interests have put an emphasis on regional peace and security. India has always been a country that has accommodated and acquired large Iranian products, and this has been a result of mutual ties between the two countries. Iran is rich in hydrocarbon and is one of the world's largest oil producers with exports worth billions of dollars each year,⁵ it is also having world's fourth-biggest oil reserves and second-largest gas reserves and shares a massive offshore field in the Persian Gulf with Qatar.⁶ India seems to have been the top three importers of crude oil in the last decade with the exception of the duration of 2011-2015 when Iran was sanctioned by the global community. India also imports natural gas from Iran.

³ Srivastava, M. (2017), “An Alternate Route: Chabahar Port For India”, Construction Business News, Available at: <https://www.cbnme.com/analysis/an-alternate-route-chabahar-port-for-india/>

⁴ Trigunayat, Anil, (2018), “India’s outreach to the Middle East and West Asia”, Available at: <https://www.mea.gov.in/distinguished-lectures-detail.htm?739>

⁵ <https://www.bbc.com/news/world-us-canada-44919772>

⁶ BBC, (2019), “Iran oil: New field with 53bn barrels found – Rouhani”, Available at: <https://www.bbc.com/news/world-middle-east-50365235>

The Balancing Act

India has always tried balancing the relationship with Iran on the one hand and the U.S., Saudi Arabia and Israel on the other, due to the interplay of complex, contentious issues of geopolitical, diplomatic, historical, cultural, and religious nature. Apart from the oil diplomacy, both countries have also opened new areas of cooperation.

The challenges which India face in relation to the cooperation between India and Iran are first, India is concerned about China's engagement with Iran, as well as its relationship and presence, more so, with the signing of a \$400 billion deal. Second, with the arrival of President Joe Biden in office, it will be important to note how the U.S. sanctions against Iran will manifest. With India's new status as a significant trading partner and as a strategic ally, will the U.S provide any leeway to its economic and political relation with Iran at the same time? India is not only a friend to Iran in terms of energy cooperation, but also a partner in overall development. Till date, the cooperation between India and Iran has been persistent irrespective of the U.S sanctions and Iran being isolated. Will the COVID-19 pandemic and post-COVID scenarios hamper the relations in the backdrop of several tangible and intangible factors that will emerge? The third challenge that India faces is its energy security that can be at stake if Iran plans to disrupt maritime access to the Persian Gulf through the narrow strait of Hormouz.⁷ Lastly, Gwadar and Chabahar are roughly 100 km away from each other. Gwadar is being built and developed by China. This port has important military, security as well as political implications for India. What if there is a considerable tilt by Iran towards China in this geo-political sensitive area?

As a whole, India has had favourable dealings with Iran, and it has proved to be a trustworthy partner in several ways, particularly when it comes to oil and gas. Chabahar Port will function as the geopolitical foothold in the region for India. There should be no ignoring of the fact that China and Pakistan will always oppose the influence of India in this region and impede its growing footprint as also strangle the energy flow. To conclude, cordial relations between India and Iran are important for India's sustained growth, development, access to energy resources and a region from where India can monitor China's growing confluence in the larger Indian Ocean region and Central Asia. For Iran, the relationship will enhance to play a major strategic role in this region and continue with its commercial success in the wake of projects like Chabahar port and North-South link connecting Russia, Central Asian Countries, and India.

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⁷ Export-Import Bank of India, (2015), "*Potential for enhancing India's Trade with Iran: A Brief Analysis*", Working Paper No. 39.

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