

4 CHAPTER

India and Iran Relations

After reading the chapter, the reader will be able to develop an analytical understanding on the following:

- History of diplomatic relations
- Strategic diplomacy
- Pipeline and oil diplomacy
- Port diplomacy
- Analysis of bilateral visits

HISTORY OF DIPLOMATIC RELATIONS

The relations between India and Iran began in 1950 when they signed a Treaty of Friendship and Perpetual Peace. However, Iran became a part of the US alliance via the Baghdad pact in 1954 and the Cold War separated the budding allies. During the Cold War, Iran due to its affiliation to CENTO, also developed proximity with Pakistan. During the 1965 and 1971 war, Iran provided military assistance to Pakistan. In 1979, there was an Iranian Revolution. This brought Ayatollah Khomeini to power, who established the theocratic Islamic Republic of Iran.

Post 1979, India and Iran began to establish proximity. During the Iran–Iraq war, India remained neutral and continued economic diplomacy for oil imports. In 1983, they established an India–Iran Joint Commission (JC). The aim of the JC was to promote economic cooperation and organise foreign minister level meets. In the 1980s and 1990s, the dialogue on trade and economy continued. In 1993, Narasimha Rao visited Tehran while in 1995, Akbar Hashemi Rafsanjani visited India. In 2001, Vajpayee and Khatami signed the Tehran Declaration while, in 2003, Khatami, on his visit to India, signed the New Delhi Declaration.

The relation dipped due to the nuclear programme of Iran in 2005–06. In 2005, India and Iran had signed an agreement to supply 5 million tonnes of LNG per year from 2009 and this 32-billion-dollar deal got affected due to nuclear sanctions. In 2008, Ahmadinejad, on a visit to Pakistan and Sri Lanka, halted in India for refueling and this stopover was transformed into a state visit to patch up relations. During the Cold War, ideologies separated Iran and India. After the Cold War ended, firstly the two collaborated with Russia to support the Northern Alliance and secondly, as a resource-rich Central Asia emerged, India began to look at Iran as a gateway to Central Asia. Due to sectarian divide, India decided to use Iran to contain Pakistan. During the US–Iran confrontation, India maintained that Iran had the right to have its own nuclear programme. Things have changed between the two after 2015 when the US and Iran agreed upon a Lausanne framework, better known as the US–Iran nuclear deal. (For details, see [Section-H](#).)

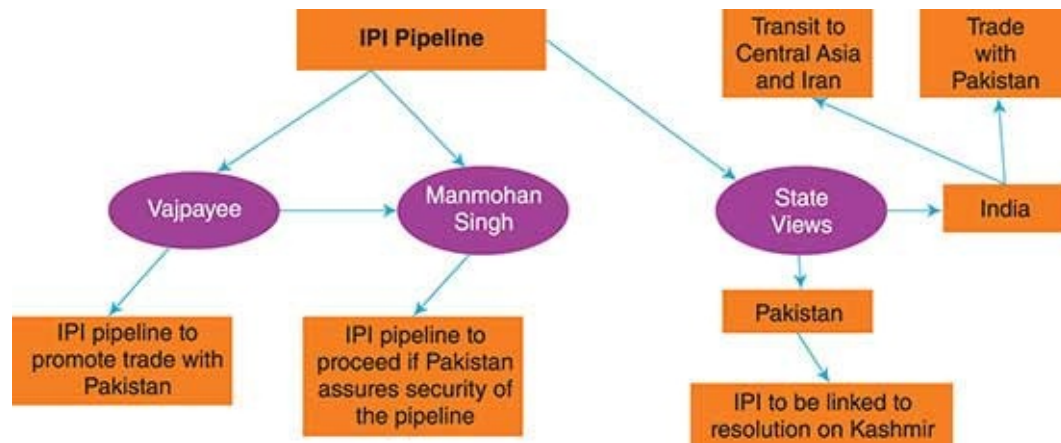
STRATEGIC DIPLOMACY

India and Iran's strategic diplomacy is based on the Tehran Declaration and the New Delhi Declaration. The following are the components of the two.



PIPELINE DIPLOMACY

The IPI (Iran-Pakistan-India) pipeline was conceived by a Pakistani engineer- Malik Aftab Ahmed Khan in mid-1950's. In 1989, the project was conceptualized by R.K. Pachauri. Different Prime Ministers in India have followed different approaches to the IPI Pipeline.



Due to US sanctions on Iran, India since 2008 has abandoned the pipeline. However, in 2017, a Parliamentary panel in India has recommended that India should revive the work on the IPI pipeline as sanctions on Iran stand to be removed now. The panel has asserted that India can import 60 million standard cubic meters per day from South Pars gas field from Iran to Pakistan and India. India fears the safety of IPI pipeline passing through Pakistan and India favors that Iran take the responsibility for the security of the pipeline.

INDIA-IRAN AND KASHMIR QUESTION

On 26th June 2017, during the Id sermons, Ayatollah Ali Khomeini equated conflict in Kashmir at par with one in Yemen and Bahrain. It is not the first time Iran has done this as it has made similar statements in 2010 also. Since 1979, Iran and Saudi Arabia have been engaged in a proxy war where both have used religion as a tool to pursue power. India has tried to balance Iran and Saudi Arabia but Iran does not appreciate India's tilt towards Saudi Arabia and the recent utterance of Khomeini must be seen that context. Iran through the statements has asserted that it is a crucial player in the Islamic world and India cannot ignore Iran. Though India has ignored the provocation by Ayatollah on Kashmir, India needs to rework its economic engagement with Rouhani. For India, Iran remains a strategic economic partner to cooperate in Chabahar Port/ International North South

Transit Corridor.

INDIA AND IRAN OIL DIPLOMACY

India has been buying oil from Iran since the Cold War time. India's ONGC Videsh Limited (OVL) in 2008 discovered gas in Farzad-B offshore field. It is touted as the world's biggest natural gas field in Iran touted to have more than 500 BCM gas resources. In 2009, India established a consortium of Indian Oil Corporation and Oil India Limited. This consortium since 2009 has been trying to secure rights to develop the Farzad-B offshore field. As India is eagerly waiting for the contract, Iran has asserted that India will not be given any preferential treatment for the field. India, which has become upset over Iran's arguments pertaining to the development rights related to the Farzad-B field, has cut down its oil imports from Iran in 2017. India is upset that Iran wishes to auction the Farzad-B field even when India has asserted in 2017 that it is willing to put in 6 Billion Dollars for gas field development and 5 Billion Dollars for establishing a LNG export terminal. India asserts that it expects preferential treatment in the Farzad-B field as Indian firms in 2008 had discovered gas in the field. Iran has rejected the arguments for preferential treatment to India. This is due to the fact that Iranian sanctions have been removed by US. Iran has almost ended its global isolation and is integrating with the world. This gives Iran a flexible muscle to seek highest bidder for the gas field. Russian Gazprom and Chinese National Petroleum Corporation have emerged as new potential players. Iran has been visibly upset with India which allied with US during the sanction period and reduced oil imports from Iran. India has committed 11 Billion Dollars for the development of the Farzad-B field. As per the Indian policy, today only Indian carriers can import oil from foreign countries. India is going to amend the policy to allow a foreign shipping container firm to import oil. India, at the energy security level, is making a shift to gas resources and in the process is planning to hire Very Large Container Carriers (VLCC) from Japan to import gas from Australia, Russia, Iran and Mozambique. Iran is an irreplaceable supply partner for gas. India has also initiated a diplomatic dialogue with Iran to discuss the possibility of Iran-Oman-India pipeline in the future.

INDIA AND IRAN PORT DIPLOMACY

Chabahar port is a part of the regional economic strategy of India. Since the end of the Cold War, Chabahar port is a component of India's Grand Strategy. After 1991, the core objective of Indian Foreign Policy was to seek foreign support for economic development of India, engage with middle and great powers, normalize India's engagement in the neighborhood and raise India's profile in external neighborhood (this is the point where Iran's Chabahar port comes into play) and finally to improve India's international standing. The idea of Chabahar port came up in 2003 when Iranian President Khatami visited India and a deal was signed between the two states. For India, Chabahar port remains the most important tool that can alter the hostile regional geography that India has inherited post partition of India and Pakistan. Post 1947, the partition has deprived India of a physical access to Afghanistan and Central Asia. India and Iran developed an interest in Afghanistan in 1996 when both opposed Taliban and supported the Northern Alliance. Post 2001, India and Iran continued to cement their bilateral relations to reach out to Central Asia and Afghanistan while US encouraged India to reach Central Asia via Pakistan. As Pakistan continued to deny India overland transit access to Central Asia and

Afghanistan, India decided to make a move with Iran. The significance of the Chabahar port for India has gained higher importance after the Chinese announced the China-Pakistan Economic Corridor under the Belt and Road initiative, Chabahar port allows India to bypass the geographical limitations imposed by the partition. In 2016, India-Afghanistan and Iran concluded the Trilateral Transit and Transport Corridor Treaty. Under the treaty, India has committed 500 Million Dollars to develop the Chabahar port and establish railway line infrastructure. The treaty will allow India to access Central Asia and will give a boost to the idea of regional connectivity. Iran also favors India's inclusion into the Ashgabat Agreement. Under the Ashgabat Agreement (Concluded in 2016 between Iran, Turkmenistan, Oman and Uzbekistan), the Persian Gulf will be connected to Central Asia through a direct corridor. Chabahar port for India is not just about access to energy markets of Central Asia but also access to fast growing economies of the Eurasian region and a gambit against history. India may witness some challenges in the endeavor of developing the Chabahar port. Firstly, India has to convince private players to use Iran as a transit route to reach Central Asia than China which is the presently used route. Secondly, to access the future markets of Central Asia and Eurasian region, Indian exports need to become more competitive.

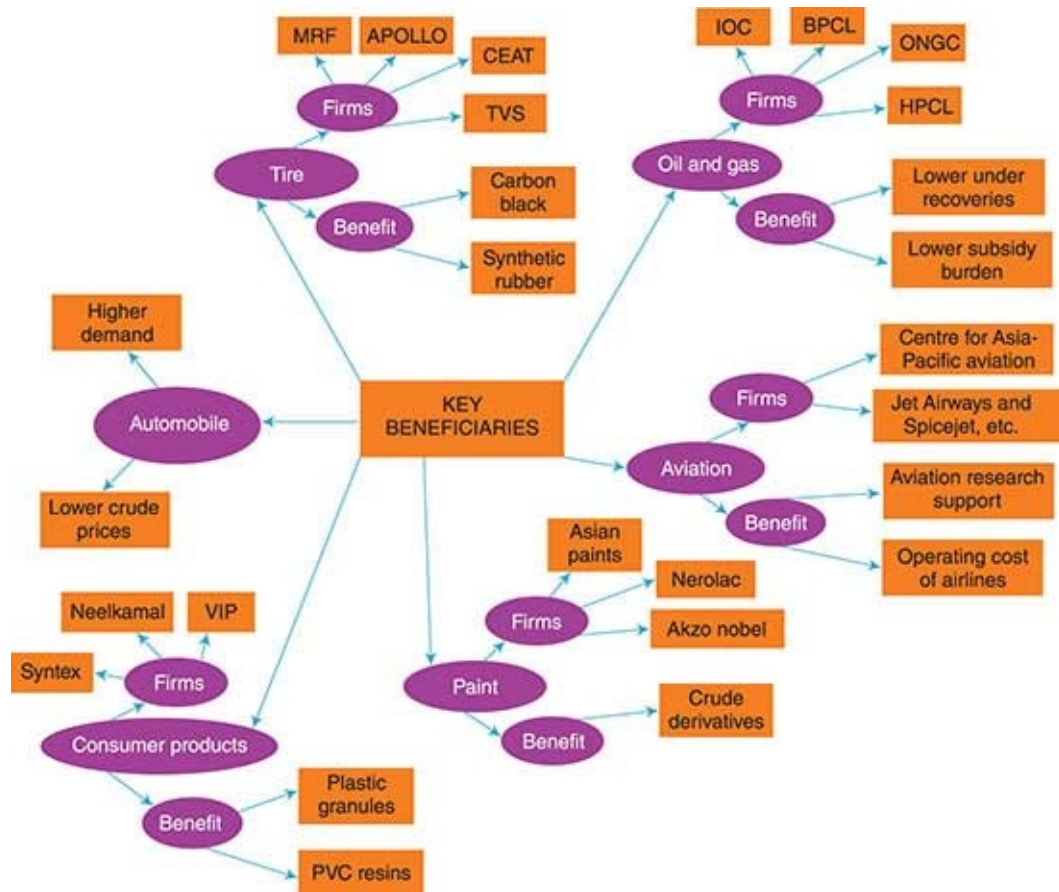
ANALYSIS OF INDIAN PM'S VISIT—2015

The Indian PM visited Tehran in May, 2016, and on the occasion, he presented a 7th century manuscript of the Quran which is attributed to the 4th Caliph Hazzrat Ali to Ayatollah Ali Khameni. The manuscript is written in Kifi script. The PM gifted Hassan Rouhani Ghalib's collection of poetry and a Persian translation of *The Ramayana*. The PM entered into an agreement for the Chabahar port and Ashray Ghani of Afghanistan was also a signatory. India has committed 500 million dollars to establish infrastructure at Chabahar and will extend a road from Chabahar to Nimroz in Afghanistan. A cultural exchange programme has been planned. India and Iran have agreed upon a policy dialogue between governments and think tanks. India will assist Iran in diplomatic training and allow the diplomats of Iran to attend courses in India. Iran has agreed to import steel rails from India for port development and India will assist in constructing the Chabahar-Zahedan railway line. India will further invest in industries in Chabahar Free Trade Zone. India will also arrange for a urea manufacturing unit to be built in Iran. Chabahar to Afghanistan rail connectivity will be provided by Iran. India's ONGC has secured rights to develop offshore Farzad gas fields in Iran.



Impact of US–Iran Nuclear Deal on India–Iran Relations

Iran has achieved success in P5 + 1 (five Un Security Council members, namely, the US, China, Russia, France and the UK, plus Germany) negotiations and has concluded the Lausanne framework in 2015. This will help India in many ways. As the sanctions are removed, India can import energy from Iran without any concerns. India has revived plans for the NSTC corridor and the IPI pipeline. India will assist the Iranian economic revival by working together in aviation, oil and gas, tire, paints and the automobile industry. It will boost IT, pharmacy, sugar and soybean exports of India.



End of Part Questions

1. For India, the development of Chabahar port is a gambit against history. Examine.
2. What are the key challenges India witnesses in port diplomacy with Iran?
3. Examine the core components of India and Britain Strategic Partnership.
4. What is the impact of BEXIT on Indian Diaspora in Britain?
5. What are the reasons holding back the India-Canada Free Trade Agreement?