

5

Iran and India: Has a Traditional Partnership Been Compromised?

Kouros Ziabari



India prides itself on being the world's largest democracy. At the same time, however, it has never pivoted away from the principle of nonalignment set out in its foreign policy by the nation's first premier, Jawaharlal Nehru. This means that in addition to maintaining cordial and steady relations with major powers, India does not shy away from cutting its own path on the world stage—including pursuing closer ties with nondemocracies such as Iran.

Ties with Iran have long been a preoccupation for Indian leaders. Aside from extensive historical, cultural, and linguistic commonalities, Iran was India's immediate

neighbor until the Partition of India in 1947.¹ Today, the two countries remain maritime neighbors. Independent India and Iran initiated official diplomatic relations in 1950, and the partnership has been evolving ever since. Unlike Iran's relations with Europe, which have perennially been marked with resentments and grievances on both sides (not to mention a Western perception of Iran as an intransigent "rogue" state), Iran's relationship with India has been much more positive, even if not always one of unbridled harmony. One explanation, of course, is that Iran and India have much stronger cultural and historical bonds than Iran and Europe. However, another reason is that Iran does not have cause to fault India for meddling in its affairs or attempting to impose its political will on Tehran, as has often been the case with the Western powers.

The anti-Western mentality that was bred and irreversibly hardened after the Iranian Revolution was fixated on a conviction that colonial Western powers aspired to hegemony over Iran and wished to contort the nation's cultural and post-revolution religious values. The Islamic Republic buttressed this mind-set over time and grew accustomed to basing its major foreign policy and macroeconomic

decisions on an (arguably toxic) anti-Western animus that, at some junctures, induced the authorities to surrender the nation's economic sovereignty, commodity market, and political independence to Russia and China, in subtle deviation from the revolutionary ideal of "Neither Eastern, Nor Western."

However, with India, these ideological incongruities scarcely crop up. The Islamic Republic would never regard India as a colonial usurper or interloper. Rather, Iranians have relied on India as a long-term partner with the wherewithal to invest money and technology. Not only is India, with a longstanding need to diversify its energy inflows, dependent upon energy imports, but New Delhi is also keen to reanimate Iran's southern ports in the Gulf of Oman due to its strategic goal of bypassing Pakistan in search of connectivity to Afghanistan and Central Asia. As reported by the International Energy Agency, India will account for the biggest share of energy demand growth during the next two decades; by 2030, it will be the world's third-largest energy consumer, surpassing the European Union.²

When the landmark Joint Comprehensive Plan of Action (JCPOA) nuclear deal was signed between Iran and six world powers in July 2015, India seized on the opening

to embrace a revival of its trade and energy connections with the Islamic Republic. The value of bilateral trade was USD 9.06 billion in the 2015–16 period, which grew to USD 12.88 billion in the subsequent year and USD 13.7 billion in 2017–18.³ At the same time, Iran moved to boost its appeal to India as an accommodating and trustworthy energy supplier. By offering favorable terms such as extended credit periods of up to 60–90 days and shorter voyage savings on freight costs, Tehran embarked on a quest to shore up its share of India's energy basket.⁴ In the fiscal year ending in March 2017, Iran's oil exports to India reached an all-time high, and refineries shipped in nearly 541,000 barrels per day of its crude, recording a staggering 115-percent increase compared to the previous year.⁵ At this moment, Iran was the third-largest supplier of India's oil, a position it had ceded for years to its rivals in the Middle East.

However, the withdrawal of the United States from the JCPOA in May 2018 and the reinstatement of stringent economic sanctions nearly spelled the end of Iran's oil-export resurgence. Despite its great interest in doing trade with Iran, India complied with the US-imposed sanctions on Iran after its waivers expired in 2019. This came

despite the fact that the US abrogation of the JCPOA was a unilateral decision and that the European Union and United Nations continued to reiterate their commitment to conserving the deal. US president Donald Trump's anti-Iran crusade was so intimidating that India found compliance and even overcompliance with the sanctions inevitable. Pledging to bring Iran's oil exports to zero, President Trump went on the record as saying that "[a]nyone doing business with Iran will not be doing business with the United States."⁶

In 2019, India officially imported zero barrels of oil from its Middle Eastern neighbor. Moreover, several Indian-funded projects in Iran that were set in motion after the signing of the JCPOA were abandoned, including the development of the Farzad B gas field. The USD 500 million investment made to develop the strategically important Chabahar Port (which India regards as a vital route for interconnection with Central Asia) was put in jeopardy.⁷ Even so, the contraction in Iran–India economic relations did not cause India to take a serious hit. With a diverse set of trading partners, warm relations with the United States and other global powers, and the low base from which Iran–India trade was starting from, India could afford to

forgo commerce with Iran in order to maintain relations with the United States.

The Iranian people, on the other hand, suffered greatly as a result of the sanctions. The government's overpriced nuclear program and Tehran's reluctance to make meaningful concessions have not resulted in any visible benefit to the Iranian populace but has inflicted unspeakable costs on them. Over the years, Iran's leadership has insisted that its work on nuclear power is centered on producing electricity and other dividends for the civilian population, including in agriculture and medicine, but what the majority of Iranians have reaped from their government's race to nuclear power has been the disintegration of their economy, the harrowing devaluation of the national currency, the depreciation of their properties, growing tensions with the outside world, and above all, the involuntarily financing (through taxation) of a USD 500 billion nuclear project.⁸

Iran's nuclear tantrum is now only about muscle flexing with its ideological adversaries in the West. This is despite its traditional partners—including Russia, China, and India—all urging Tehran to sit down and solve this decades-long puzzle once and for all. Iran's main prospective economic partners,

including European Union member states (who stand ready to provide major infrastructural investment to Iran), also desire an end to the nuclear dispute.

Sadly, Iran's sensational pursuit of its nuclear pipedream means that the country is stripped of allies and partners. Its longstanding bond with India is exactly one such relationship that is now compromised: whereas India plots a course based upon the national interest and hard political realities, Iran is content to splurge its resources on nuclear ambitions while leading its people in a merry ideological dance. The two will not fully reconcile and reap the potential rewards of cooperation until Iran's leaders are willing to accommodate themselves to external realities. If they can do this, they will find India to be waiting for them. ■

Kouros Ziabari

Mr. Ziabari is an award-winning journalist from Iran. He is the Iran correspondent of *Asia Times* and has contributed to *Fair Observer*, *Foreign Policy*, *The National Interest*, *OpenDemocracy*, *Middle East Eye*, *Responsible Statecraft*, *Al-Monitor*, and *The New Arab*. He is the recipient of a Chevening Scholarship from the United Kingdom's Foreign, Commonwealth and Development Office, a 2021 Dag Hammarskjöld Fund for Journalists to cover the UN General Assembly, an East-West Center's Senior Journalists Seminar fellowship, and an American Middle Eastern Network for Dialogue at Stanford fellowship.

Disclaimer

The views and opinions expressed or implied in *Indo-Pacific Perspectives* are those of the authors and should not be construed as carrying the official sanction of the Department of Defense, Air Force, Air Education and Training Command, Air University, or other agencies or departments of the US government or their international equivalents.

Notes

¹ Suhasini Haidar, “A New Chapter in India-Iran Ties?,” *The Hindu*, 6 August 2021, <https://www.thehindu.com/>.

² Nidhi Verma, “India to be Largest Source of Energy Demand Growth to 2040 –IEA,” *Reuters*, 9 February 2021, <https://www.reuters.com/>.

³ Vivekananda International Foundation, “India-Iran Trade Statistics,” <https://vifdatabase.com/>.

⁴ “The Crude Report: Iran Crude to India Post Sanctions,” *Argus Media*, 9 July 2021, <https://www.argusmedia.com/>.

⁵ Nidhi Verma, “India’s Oil Imports from Iran Top 500

Mbpd in 2016–2017,” *Hydrocarbon Processing*, 4 July 2017, <https://www.hydrocarbonprocessing.com/>.

⁶ Babak Dehghanpisheh and Peter Graff, “Trump Says Firms Doing Business in Iran to be Barred from U.S. as Sanctions Hit,” *Reuters*, 7 August 2018, <https://www.reuters.com/>.

⁷ F. M. Shakil, “India Has Key First-Mover Edge on China in Iran,” *Asia Times*, 4 April 2021, <https://asiatimes.com/>.

⁸ “The Economic Costs and Consequences of Iran’s Nuclear Program,” *Arab Strategy Forum*, <http://www.arabstrategyforum.org/>.