

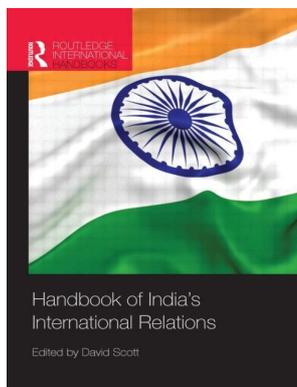
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Looking west 1

Iran and the Gulf

Mukund Narvenkar

Introduction

The first breakthrough in the new era of India's foreign policy in the 1990s saw an eastwards shift, a new 'Look East' foreign policy to engage South-East Asia. In more recent years, under Manmohan Singh (2004–present) this has been complemented by a westwards shift, a 'Look West' policy to engage with Iran and the Arabian/Persian (depending on whose side one was on) 'Gulf'.¹ This Look West policy is the focus of this chapter.

An option or a compulsion?

Whilst a Look West policy was an 'option' for India at the initial time after independence, it has now become an 'imperative' in its foreign policy. India has vital strategic interests in the Arabian Sea zone that includes the natural extensions like the Gulf and the Red Sea, with their respective choke points of the Strait of Hormuz and the Bab el Mandeb. India's strategic interests involve fast-growing trade (see Table 15.1).

They also involve 'energy security', caused by the growing importance for India of natural gas and oil resources, which give a boost in the importance of the reserves found in this energy-rich region (see Table 15.2).

Such trade, and especially energy, considerations give India a strategic imperative (in its own right and as a major regional power), to help secure Sea Lines of Communication (SLOCs) that pass through this zone, and which bring in trade and energy flows.

The role of extra-regional powers in the region has been long running. After the Second World War the United Kingdom continued to have interest in the Gulf before leaving it in 1971, with the USA then assuming the responsibility of defending pro-Western governments. During the Cold War the USSR had its geopolitical vision (along with the USA) of access to the warm water ports and oil fields of the Middle East, which failed with the defeat in Afghanistan. The sudden collapse of the USSR (in 1991), which was a major trading partner of India, combined with the First Gulf War (1990–91), which left a high point in oil prices, caused a balance of payments crisis for India.

Table 15.1 India's imports and exports to the Gulf and Iran, 2008–09 (US \$m.)

Countries	India's exports	India's imports
Bahrain	286.52	1,442.82
Iran	2,534.01	12,376.77
Iraq	437.43	7,709.94
Kuwait	797.50	9,593.74
Oman	779.04	1,205.46
Qatar	674.37	3,498.91
Saudi Arabia	5,110.38	19,972.74
United Arab Emirates	24,477.48	23,791.25
Total	35,096.73	79,591.63

Source: Directorate-General of Commercial Intelligence and Statistics, <http://dgft.delhi.nic.in>.

Table 15.2 Oil and gas proved reserves of the Gulf (2009)

Countries	Oil reserves in billion barrels	Gas reserves in trillion cubic feet
Saudi Arabia	262.3	240
Iran	136.3	974
Iraq	115.0	112
Kuwait	101.5	55
United Arab Emirates	97.8	214
Qatar	15.2	911
Bahrain	0.1	3
Total	728.2	2509

Source: Directorate-General of Commercial Intelligence and Statistics, <http://dgft.delhi.nic.in>.

In the 1990s India moved forwards with its new foreign policy and economic liberalization. After the Soviet collapse, India saw new markets available in the Gulf (and Iran) to engage with economically. Meanwhile the USA built up its military strength in the region, so as to support its own economic interests in the region. In order to enhance the mobility of US forces and to provide logistical support, additional base facilities were sought and acquired in Oman and Bahrain. Today the USA has a presence in every country of the Gulf apart from Iran, something of a *Pax Americana* within which Indian interests (have to?) operate.² Apart from defending its own vital economic and strategic interests, the USA had also assumed the responsibility of safeguarding the interests of its allies (Western Europe and Japan) by ensuring them uninterrupted supply of oil from the Persian Gulf region. Accordingly, safe and free passage through the SLOCs in the Gulf remains vital for the USA, as indeed they do for India also.

Such factors have also shaped the growing Chinese interest in the region: 'energy security' considerations driven by China's growing need (like India) to import oil and gas, and to improve maritime trade with the region. For Harsh Pant, the Chinese arrival shows that 'China is starting to make its presence felt in Iran in a big way. It is now Iran's largest trading partner and is undertaking massive investments in Iran, rapidly occupying the space vacated by Western firms. India is right to feel restless about its own marginalisation in Iran despite its [India's] civilisational ties with the country'.³ For India, already looking northwards and eastwards and encountering the People's Republic of China, in looking southwards and eastwards it is also

encountering a Chinese-driven arrival in yet another part of India's *extended neighbourhood*: in the Gulf and Iran, the two parts of India's Look West policy to which we can now turn.

The Gulf

India and the relations with the Gulf are very old, and can be traced back to ancient times in both the cultural and economic domains. Relations flourished with more maritime links with the region, which were carried out by various traders from India as well as from the Gulf. They dominated Gulf maritime trade before the Europeans arrived in the early 19th century, and made it their ground of conflicts and opportunities. Meanwhile, India had also fallen under the sway of British control. On the one hand, the volume of trade between the Gulf and India diminished; on the other hand, the British presence in the Gulf was to some extent controlled from British India and underpinned by manpower from British India. In political terms, British foreign policy in the Gulf was carried out through the Persian Gulf Residency (PGR). Before 1857 the PGR had been a subdivision of the East India Company, whilst from 1858 onwards it came under the jurisdiction of the British India administration. In economic terms the Indian rupee was also the currency used in Kuwait, Bahrain, Qatar, the Trucial States and Oman, as provided by the Reserve Bank of India up to 1959. In military terms, Indian manpower was mobilized in the Second World War and deployed in Bahrain, and in large numbers (around 700,000) in Kuwait and Mesopotamia.

Post-independence, India revitalized its historical links with the Gulf region, with its 'strategic' significance increasingly recognized by India.⁴ Pranab Mukherjee encapsulated India's economic and political concerns in the Gulf: 'beyond the immediate region, India has vital interests in the Gulf [...] the Gulf forms parts of our strategic [extended] neighbourhood', as an 'important source of energy, home to over 3.5m. Indians, and a major trading partner. Parts of it are also a source of ideology, funding and recruits to the cause of Islamic radicalism and terrorism'.⁵ Such has been India's push into the Gulf that Harsh Pant argues that 'the international community and the West in particular has been obsessed with New Delhi's ties with Tehran and has tended to ignore India's much more substantive engagement with the Arab Gulf states [...] the significant stakes that India has in the Arab Gulf often go unnoticed'.⁶ India's interests and presence in the Gulf revolve around various issues, namely the expatriate Indian community, economic-energy links, and maritime security-diplomacy.

Indian expatriates in the Gulf

When it comes to any conflict in the Gulf, India faces a major challenge because of its dependence on energy sources, and the safety and security of Indian migrants in the region. The discovery of oil and manpower shortages in the Gulf precipitated phenomenal labour migration to the region. Given the population pressure and bleak economic prospects at home, Indian labourers flocked to the Gulf in search of employment and higher wages. The presence of Indian labourers dates to 1935, when the Bahrain Petroleum Company (BAPCO) imported labour from India. Indians now comprise the largest expatriate community in the Gulf countries, which counts more than 3m. in the region, distributed accordingly between the United Arab Emirates (UAE, around 1.5m.), Oman (0.6m.), Kuwait (0.6m.), Bahrain (0.3m.), Qatar (0.2m.), with another 1.4m. in Saudi Arabia. Over 42.5% of the workforce in the UAE are Indians.

Two comparative trends can be seen.⁷ First, unlike in the 1970s and 1980s when nearly 90% of Indians in the Gulf were blue-collar workers, today over 35% of the Indian expatriate

workforce are white-collar professionals specializing in fast-moving fields such as the services and information industries. India's economic high-tech rise is reflected in the increasingly high-level economic appearance of Indians in the Gulf, where professionals and technically qualified Indians are engaged in huge numbers in the knowledge-based economic sectors such as Dubai Internet City, Dubai Media City and the Jebel Ali Free Zone (JAFZ). Second, unlike in other regions, Indian expatriates in the Gulf have a higher propensity to remit the money they earn. Gulf expatriates account for almost 30% of total remittances flowing back to India. It thus has become important that India maintains cordial relations with the Gulf countries and fosters general stability, so that there is no hindrance to such Indian economic activities in the Gulf.

Economics and energy

In the wake of economic reforms in India, and subsequent economic growth in the late 1990s, Gulf countries showed greater interest in strengthening their bilateral and commercial relations with India. Apart from the oil and gas market, Indian companies have established various ventures in different sectors such as management and consultancy services, construction projects, telecommunications, computer software and hardware engineering, manufacturing of detergent and pharmaceuticals. One basic complementarity was apparent: 'I see India's requirement for energy security and that of the Gulf countries for food security as opportunities that can be leveraged to mutual advantage'.⁸ A framework agreement for economic co-operation was signed between India and the Gulf Cooperation Council (GCC) in August 2004. March 2006 saw the first joint ministerial meeting of the six-state GCC and India. Final negotiations for a Free Trade Agreement were started in January 2006, and set for signature in 2010.⁹ Some Indian commentators argue that 'it is time for India to look beyond trade and business, and engage the GCC in political, security and strategic fields'.¹⁰ The Gulf region has increased in relative economic importance for India. Bilateral trade between India and the GCC countries exceeded US \$100,000m. in 2009 making GCC, as a bloc, India's largest trading partner. Within that, India-UAE trade of \$7,190m. in 2003/04, a 5.6% share of India's overall trade, increased to \$48,270m. in 2008/09, a 9.87% share of India's trade, though dropping back slightly to \$43,470m. in 2009/10, or a 9.31% share of India's trade.

Energy requirements are the main area of exposure for India in the region, where 'a pattern of interdependence is emerging between India and the GCC due to their strategic position and central role in the current energy security discourse'.¹¹ Quite simply, 'the Gulf countries are crucial to the energy requirements of India, particularly oil'.¹² One-third of the world petroleum reserves are in the Gulf. With the growth of the offshore oil and gas industry, there has arisen an interest in its military utility and its defence. In the Gulf Wars of the 1980s, 1991 and 2003 there were naval clashes around oil rigs. Availability of oil in the Persian Gulf region has been the main factor responsible for enhancing the strategic importance of this region. Most of the Indian requirement for oil and gas was imported from the Persian Gulf. In this energy setting, India's ONGC Videsh Limited (OVL) has a 100% exploration share of Qatar's Najwat Najem field, and a 100% share of Iraq's Block 8 field.

Maritime security and maritime diplomacy

India's economic sea trade route has been laid down in history. All the treasures of the ancient and modern world were borne across the warm waters that stretch from the Arabian Peninsula to the shores of India. In the global strategic environment, India is an up-and-coming country with its fast-growing economy, stable democratic policies and expanding maritime dominion.

The world order has started to change from Europe-centric to Asia-centric, with India as a major player in the region, with more responsibility for securing the SLOCs, which are the lifeline of India's constant economic growth.

The threat of terrorism-related activity in the marine environment has drastically increased since the terrorist attacks on the USA on 11 September 2001. In the past there have been attacks on US ships in the Gulf, and *jihadist* piracy activities in the Strait of Malacca. In 2010 the Indian Minister of Home Affairs, P. Chidambaram, made the argument that 'it [*jihadist* terrorism] is not just from across the border in Pakistan but extends beyond to the Middle-East also. We have to redefine what cross-border terrorism means'.¹³ Terror operatives in the Gulf have had a far more significant role in orchestrating several of the recent terror attacks in India than was known until recently: funding the serial blasts in Bangalore in 2008; assisting in the escape of its mastermind, Tadiyantavide Naseer, to Bangladesh; and probably playing a significant role in the Mumbai terrorist attacks on 26 November 2008.¹⁴ The terrorist attacks on Mumbai in 2008 raised many questions about the security of the sea routes, given that terrorists entered from across the Arabian Sea. As a country with strong maritime forces in the region, India has to maintain a close maritime watch in the region for the safe passage of international maritime trade. The Indian Minister of Defence, A.K. Anthony, commented, whilst inaugurating an International Maritime Search and Rescue Conference (IMASRCON) in 2008, 'the region already faced a menace from sea pirates and [the] terror threat has [the] dimension of bringing in non states actors as well as agents of transitional crime', calling for greater international vigil to ward off these threats.¹⁵ In short, India has to maintain strategic relations with the Gulf, in part to combat potential terrorist threats in the future.

As an emerging maritime power, from New Delhi's perspective, key security considerations include maintaining the accessibility of the Arabian Sea and flows into and out of the Strait of Hormuz. The large Islamic population on the shores of the sea and in its hinterland, the oil wealth of the Gulf and the key Strait of Hormuz are of importance for India's maritime security expansion in the region. Like the Government, the Indian Navy has also been Looking West into the Gulf.¹⁶ The maritime forces work as part of foreign policy, with India's naval diplomacy showing the flag, showing sea power, deterring and attracting. The presence of Indian maritime forces in the Gulf and in its vicinity has been welcomed by international trading companies.

Goodwill visits have brought the Indian Navy into the Gulf on various occasions. The visit of India's aircraft carrier *INS Viraat* and two other ships to the UAE in March 1999 set the scene. A substantial three-week deployment by the Indian Navy took place in September–October 2004, involving two destroyers, *INS Mumbai* and *INS Delhi*, the advanced missile frigate *INS Talwar*, as well as *INS Kulish*, *INS Pralaya*, *INS Sindhuraj* and the support tanker *INS Aditya*. Their visit to Oman, Bahrain, Iran and the UAE was rightly interpreted by Chinese sources as Indian 'efforts to use its navy to project power' outside its own immediate coastal waters.¹⁷ Altogether, around 40 Indian naval vessels were dispatched to Oman and the Gulf during 2005/07. August 2007 saw another powerful five-ship Indian flotilla deployed into the Gulf, with port calls at Muscat (Oman), Qatar, Abu Dhabi, Manama (Bahrain), al-Jubail (Saudi Arabia), before going across to Djibouti. December 2007 saw further dispatches of Indian warships to the UAE.

As elsewhere, naval diplomacy forms a prominent part of India's wider diplomatic projection, with Pranab Mukherjee explaining to an audience in the UAE in May 2008 that 'the steady expansion of our political and economic ties, the interactions between our security and defence personnel and the visits of our naval ships have added a new dimension to our relationship'.¹⁸ The India–Oman *Thammar Al Tayyib* joint exercise has been a regular naval feature since 2003.

It was in this vein that when Sureesh Mehta took over as India's Chief of Naval Staff, his first trip overseas was to Abu Dubai in the UAE in February 2007, accompanied by talk of further Indian naval projection into the region. During Manmohan Singh's trip to the Gulf in November 2008, his visit to Oman saw agreement on strengthening maritime exercises, whilst his visit to Qatar saw a defence maritime co-operation pact signed alongside discussion of increased liquid gas supplies, an unsurprising blend of energy security considerations with defence considerations, and general presence.

Iran

Iran's role deserves discussion in its own right: 'our relations with Iran are a fundamental component of our 'Look West' policy'.¹⁹ Links can be traced back to 4000 BC, when the Gulf was ruled by the Median, Achaemenid, Seleucid and Parthian Empires and later by the Sassanid Empire. During the period of the Sassanid Empire, Persia and north-western India (which was ruled by the Kushans and then Kushano-Sassanians) were deeply engaged in political, economic, cultural and religious intercourse. The coming of Islam brought further Iranian influences into India, including the widespread and long-running presence of Persian as a widely used language at the medieval and Mughal courts in India. In modern, post-colonial times, geographical proximity and economic complementarities have thrown open fresh opportunities for greater interaction between India and Iran.

The geostrategic importance of Iran in the Gulf is vital for India as it connects the Gulf to the Arabian Sea through its narrow Strait of Hormuz. Besides this, Iran is a growing regional player with a drive to acquire nuclear weapons. Iran shares coastlines along the Gulf to the south and the Caspian Sea to the north, with significant energy reserves in both areas. Since Iran is a major regional player, its foreign policy objective in the Gulf and in its immediate region of the Arabian Sea will have crucial implications for the security of the entire region, and for India. Indo-Iranian relations can be explained from their political, economic and strategic aspects.

Political aspects of Indo-Iranian relations

The relationship between India and Iran is far-reaching and multidimensional. The two states have recognized that they have a lot more to share and offer to one another. Their strategic partnership emerged in the first decade of the 21st century. The visit of Indian Prime Minister Atal Bihari Vajpayee to Tehran in April 2001 resulted in the signing of six agreements regarding co-operation in trade, technology and the energy sector, which marked the new beginning of revitalized relations between the two countries.²⁰ It also brought the signing of the Tehran Declaration (2001), which was echoed two years later in the Iranian President's trip to India and the New Delhi Declaration (2003). The talks were of a new 'axis' in the making, with a strategic partnership proclaimed by the two states.²¹ However, such international political convergence does not detract from the concerns that India continues to have over Iran's theocratic and potentially unstable domestic political regime.²²

Economic aspects of Indo-Iranian relations

India and Iran have had economic interactions with each other since time immemorial, from the ancient trade in cotton, textiles, indigo and food grains like rice, Malabar pepper, cardamom, ginger, cinnamon and coconut, to modern world trade like oil and gas. Post-1947 India

had substantial economic links with the Shah's Iran, though the turmoil of the 1979 Iranian Revolution disrupted such economic relations. Subsequently, the prolonged war with Iraq weakened Iran considerably and brought about a severe economic crunch. Iran was in need of broadening economic relations, with India being a more natural and additionally productive economic partner than most other countries in the region. Much of Indo-Iranian economic co-operation centres on the ever-increasing hydrocarbons trade. In terms of primary energy like coal, oil, natural gas, nuclear and hydro electricity consumption, India is the sixth largest energy consumer in the world. Indian bilateral trade has increased in recent years, rising from \$1,640m. in 2004/05 to \$14,900m. in 2008/09, this being a 0.84% share of India's overall trade, and increasing to a 3.05% share in 2008/09, with Iranian hydrocarbons exports to India constituting most of this trade. Amidst the global recession Indo-Iranian trade fell slightly to \$13,400m. in 2009/10, or a 2.87% share.

Iran is a major partner for India in its energy security.²³ This has been a recurring theme during the past decade. It was no surprise that the Tehran Declaration flagged this up: 'the geographical situation of Iran and its abundant energy resources along with the rapidly expanding Indian economy and energy market [...] create a unique complementarity which the sides agree to harness for mutual benefit'.²⁴ It was again no surprise that the New Delhi Declaration affirmed how:

India and Iran have a complementarity 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.²⁵

Upstream and downstream activities involve India finding and then importing Iranian energy resources. The Indian leadership in the summer of 2010 was again emphasizing this complementarity:

Iran is a country extremely important to India from the perspective of energy security. There is a natural complementarity between the needs of energy-hungry India which hopes to grow at a rate of 8–10% in the coming years and Iran which is home to third largest proven oil reserves and second largest gas reserves. Iran is [...] located relatively close to India permitting transportation of oil and gas at relatively low cost over sea as well as land.²⁶

Transportation by sea is the avenue for by-passing Pakistan's potential obstructionism. Consequently, Iran's energy reserves in its Caspian and Gulf areas have involved Indian companies trying to gain direct access in terms of exploration and exploitation. Thus, in January 2004 India's OVL gained a 10% stake in the Yadavaran field, with India agreeing to buy 7.5m. metric tons of liquefied natural gas (LNG) from Iran each year for 25 years. This was, though, overshadowed in October 2004, when Iran negotiated a \$70,000m. deal with Sinopec, giving the Chinese company a 51% stake in the field's development. India was slightly compensated, as OVL gained a 100% stake in the Jeyfr oil field, with its estimated capacity of 30,000 barrels per day, although this was transferred in 2006 to Belorusneft, the national oil company of Belarus, with OVL seeking a doubling of its Yadavaran holding in compensation. The OVL-Hinduja consortium has been keen to develop the Azadegan oil field in Iran, which is projected to hold over 40,000m. barrels of oil. Further success was gained in an exploration service contract for

the offshore Farsi Block gas fields, which was won by an OVL-led consortium consisting of OVL (40% share, and the operator), Indian Oil Corporation (IOC, 40% share) and Oil India Ltd (OIL, 20% share). By 2007 these explorations had revealed large reserves, estimated at over 12,800,000m. cu ft.

An OVL-Hinduja combination, set up in 2006, is eyeing the large South Pars field in Iran, with gas from this field due to feed the proposed Iran-Pakistan-India (IPI) pipeline, a pipeline that would in future provide India with Iranian natural gas.²⁷ However, there has been slowness in the IPI process because of the ongoing tussle and lack of trust between India and Pakistan. There has been immense pressure on India from the USA, which has opposed the pipeline as it would provide Iran with oil revenue that could undermine UN Security Council, European Union and US sanctions against the Iranian nuclear programme.

Strategic aspects of Indo-Iranian relations

The role of Pakistan in Indo-Iranian relations

Pakistan lies in between India and Iran. As such, it can make or break the proposed IPI gas pipeline, which is one reason why alternatives have been sought by India and Iran.²⁸ Pakistan also lies athwart the maritime routes between Iran and India, and is potentially able to disrupt them. Generally (Sunni) Pakistan has had bad relations with both India and (Shi'a) Iran. Such strategic logic, which Kautilya would have recognized, of 'my enemy's enemy being my friend' has brought these two non-contiguous states together.²⁹ In addition, both Iran and India have been against Pakistan's involvement and influence in Afghanistan through the Pakistani Inter-Services Intelligence (ISI) links with the Taliban.

Both Iran and India have concerns over the role of Gwadar, which was built as a deep water port with significant Chinese financial assistance. Its location near the mouth of the Gulf and at the opposite end of the strategic choke points of the Strait of Hormuz and the Gulf of Oman enhances its strategic importance. Iran's concerns are economic, with Gwadar's potential as a rival to Iran's nearby deep water port of Chabahar. India's concerns are partly energy-related. Given India's growing need for energy, supplied from the Gulf and Iran via the Arabian Sea, the dangers of being blocked by Pakistan operating out of Gwadar become of concern for New Delhi, since Pakistan's Navy would find it easier to operate closer to the Gulf. Other military concerns are also in play for India. During times of crisis, in the event of a war with India, the port of Gwadar would provide strategic depth to Pakistan's commercial and military vessels, with the Pakistani navy able to move its naval assets away from any Indian naval and air threat. In addition to Pakistani threats out of Gwadar, India also has further concerns about Gwadar enabling long-range naval operations by the Chinese Navy, heightened by China's Gulf of Aden operations using Gwadar as a berthing and resupply port during operations in 2009–10.

Iran as an entry to Central Asia

In the contemporary world it is important for India to have access to Central Asian energy and markets. Iran is significant for India in its own energy right, but also as a connecting gateway to other regions like Central Asia and its resources, the domain of traditional geopolitics. As India's Minister of External Affairs put it, Iran 'has the potential of being a transit country for supply of third country energy to India given its increasing links in this field with the landlocked countries of Central Asia [...] These projects, if realized, have the potential of making Iran an important element of a large energy corridor stretching from Central Asia to India'.³⁰ Whilst China

sees Pakistan as its energy corridor for energy from the Middle East, able to circumvent India, India sees Iran as its own energy corridor for energy from Central Asia, able to circumvent Pakistan.

India's involvement with Iran has brought sustained Indian interest in building up Chabahar. India's Minister of External Affairs was clear enough in summer 2010 on its wider implications:

I would like to mention, in particular, the Chabahar Port Project, and the need for accelerating our joint efforts to fully realize the potential of the Port as well as the associated railway project. These are projects that are in the common interest of India, Iran and Afghanistan, but also the countries of Central Asia. Improving the connectivity of Chabahar Port to the Zaranj–Delaram Highway (which was built with Indian assistance despite terrorist threats and with the sacrifice of Indian and Afghan lives, and has transformed the economy of Nimroz Province in Afghanistan) [...] will help India transport its goods [...] to Afghanistan, Central Asia and beyond. This project is thus 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.³¹

Pakistan's role is the notable absence, with Iran's Chabahar (backed by India) serving as a rival to Pakistan's Gwadar (backed by China). Consequently, India, Iran and Afghanistan are keen to have access to new sea and road routes through Iranian ports. This development will give straight access to Indian goods to Central Asian markets through Afghanistan and Iran.

Another Central Asia-related aspect of India's relations with Iran is the International North-South Corridor (INSC) pipeline route. This was flagged up in the Tehran Declaration:

They [India, Iran] agreed to accelerate the process of working out an appropriate scheme for the pipeline options and finalising the agreement reached on LNG. The sides reaffirm their commitment to strengthen transport and transit cooperation. In this context and in line with the proper implementation of Inter-governmental Agreement of International North-South Corridor between Iran, India and Russia and Agreement on International Transit of goods between Iran, India and Turkmenistan, they agree to encourage the businessmen and traders of the two countries to better utilise the said corridors.³²

Potentially this cuts out not only an unstable Afghanistan, but also a potentially unfriendly Pakistan, with energy able to be shipped directly to India by the short maritime route if need be.

Iran's quest for nuclear 'power'

Iran's quest for nuclear power involves Iran's claims that it is merely trying to develop nuclear energy, amidst suspicions that it is seeking nuclear capacity in order to develop nuclear weapons. Although Iran is a member of the Nuclear Non-Proliferation Treaty (NPT), UN inspectors have found enriched uranium in environment samples, increasing US suspicion that Iran is developing nuclear weapons. Although the Iranian Government had categorically ruled out any intention of acquiring nuclear weapons, India remains concerned about the hard-liner theocratic nationalists who have been ruling Iran for over two decades. This all poses problems for India amidst a US drive to have tougher and tougher sanctions imposed on Iran, and talk of possible military action. The USA has been wary, indeed concerned, about Indian links with Iran.³³ US hostility towards Iran places India in the awkward position of having contradictory pressures from its two strategic partnerships: that with the USA and that with Iran. It is a delicate and uncomfortable 'tightrope' along which India has to walk.³⁴

To some extent India has given way to such US pressure. On the grounds of being a responsible nuclear nation, in the September 2005 International Atomic Energy Agency (IAEA) vote, India voted to hold Iran in 'non-compliance' of its safeguards obligation, when major nuclear countries like China and Russia chose to remain absent. Manmohan Singh may have argued in parliament that 'India's vote on the IAEA does not, in any way, detract from the traditionally close and friendly relation we are privileged to enjoy with Iran [...] we have every intention of ensuring that no shadow is cast on these bonds',³⁵ but such a shadow was cast again in the following IAEA vote in February 2006, when India voted in favour of referring Iran to the UN Security Council, due to its apprehension of Iran's growing uranium enrichment capability leading to the development of nuclear weapons. However, there has been some distancing subsequently by India. Amidst talk of further sanctions in 2010, India demurred:³⁶

All concerned should adopt a flexible approach to achieve a comprehensive solution to all issues. India has always supported dialogue and avoidance of confrontation. The IAEA continues to provide the best framework for addressing technical issues related to the Iranian nuclear programme. We are justifiably concerned that the extra-territorial nature of certain unilateral sanctions recently imposed by individual countries [the USA], with their restrictions on investment by third countries [India] in Iran's energy sector, can have a direct and adverse impact on Indian companies and more importantly, on our energy security and our attempts to meet the development needs of our people.³⁷

India could play a very important role between Iran and the Western powers, making the case for peaceful dialogue, but the question is, does India have any real say in Iran's nuclear programme, and will the USA/Western powers take India into consideration when pursuing any peace process with Iran? This is a worrying situation wherein India has to be able to convince the Western powers as well as Iran—the two mutual enemies, but both partners with India. Any future military escalation between the USA (possibly including Israel) and Iran will put the region *and* India's interest into jeopardy.

Conclusions

India, Iran and the Gulf region are likely to become increasingly interconnected. Both India and Iran may need to readjust or consider their relations in the context of the pulls and pressures experienced in their respective relationships with other players. Energy is going to play a very important role in building new relationships with India and the Gulf. Economic benefits, technological expertise and cultural exchange of thoughts will continue, and deserve strengthening. Iran will continue to operate in India's foreign policy for the safety and security of oil and gas, new prospects in Central Asia, technological benefits, and India's expertise in the region and its quest for global power. On the one hand, Iran also needs to make friends, as well as co-operate with other countries to break out of its present isolation, with India potentially able to play an important role in getting Iran to join the mainstream of world polity. India also needs friends in the Islamic world, such as the Gulf countries and Iran, to counter Pakistani hostility in the region.

Notes

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- 2 A. Pasha, 'Pax Americana in the Gulf Region. Implications for India's Quest for Energy Security', in S. Malakar (ed.), *India's Energy Security and the Gulf*, Delhi: Academic Excellence, 2006.
- 3 H. Pant, 'Turbulent Times for Indo-Iranian Ties', *Business Standard*, 30 May 2010.
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