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ENERGY AND PHYSICAL CONNECTIVITY: CENTREPIECES OF INDIAN EXTERNAL AFFAIRS MINISTER SUSHMA SWARAJ'S VISIT TO IRAN

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Indian External Affairs Minister Sushma Swaraj visited Iran recently on a two day visit, April 16-17, 2016 clearly indicating India's focussed emphasis on resuming business with the regional powers in the Persian Gulf region. Augmenting energy cooperation was the centrepiece of her visit to the powerful Persian Gulf nation with most analysts concluding that post sanctions Iran can become a reliable supplier of India's energy needs. India has been eyeing deeper relations with Iran in terms of its energy requirements and the physical connectivity with Central Asia and Afghanistan. India has already lined up USD 20 million as investment in oil and gas as well as the petrochemical and fertiliser projects there.¹This visit also comes in succession to the Prime Minister Narendra Modi's visit to Saudi Arabia last month discussing various issues related to

energy and strategic bilateral cooperation. This visit to Iran can also be treated as the balancing act of the Indian government after the recent visit of Indian PM to Saudi Arabia which considers Iran as its arch rival in the region. However, Saudi Arabia still remains India's top energy supplier as well as host to approximately 3 million Indian expatriates. India seems to excel in the race where countries like Japan, China, the US and a number of European nations are scrambling to take advantage of opportunities in this oil-rich nation Iran, after the sanctions were lifted in January.

The visit was also important as it sought to increase the cooperation regarding the development of Chabahar Port which can be the '*defining partnership*' that has the potential of connecting the entire region. Both India and Iran have agreed on the commercial contract on



Chabahar as well as the modalities for extending \$150 million credit for Chabahar port, which is to be signed in the near future.² Indian External Affairs Minister and her Iranian counterpart Mohammad Javad Zarif have also discussed an associated project of the railway links to Chabahar-Zahedan-Mashhad route connecting the Iranian port with the Iranian cities of Zahedan and Mashhad, along Iran's eastern border, for which India is extending a helping hand to Iran. The completed railway for the same will measure to 1,380 kilometres.³ India has already taken up to supply the steel rails in this regard worth \$400 million.⁴ This can translate into much needed presence of India in Iranian developmental process. India and Iran had first broached this issue of Chabahar in 2003 when they agreed to jointly develop the port. It was intended to serve as a critical access-point to land-locked Afghanistan, and in the process bypass Pakistan which has been reluctant to provide overland transit to Indian goods passing through its territory. But the port development project could not subsequently take off in the face of American sanctions against Iran.⁵ After the sanctions have been lifted from Iran, most of the countries have started pursuing their economic interests in Iran. With the Iranian government investing a lot in Chabahar to develop it as a transport and industrial hub, there is a great deal of enthusiasm to invest in the upcoming infrastructure around the port-city.⁶ It can also be argued that India is stepping up its presence in

the gulf region in order to counter China's presence in the region.

China is a nation that has stood with Iran during sanctions becoming its top most trading partner. There are chances that China could emerge as an Iranian favourite. However, it remains to be seen as to what extent India will be able to counter growing Chinese influence over Iran which will depend on the diplomatic strategy adopted by Indian external affairs ministry to engage Iran.

India and Iran also held talks focussing on boosting ties in energy and trade. India is Iran's second biggest oil client after China. However, as against India, China had been the largest trading partner of Iran during the time when sanctions were imposed by the US and United Nations. The two nations, i.e., India and Iran, also decided to significantly expand engagements in their overall ties, particularly in the oil and gas sector. India has been eyeing deeper energy ties with Iran and has already lined up \$20 billion as investment in oil and gas as well as in petrochemical and fertiliser sectors there. India is also keen to increase oil imports from Iran from current 350,000 barrels a day to 400,000 barrels per day (approximately) in the coming year.⁷

The increasingly strained relations between Saudi Arabia and Iran are likely to dominate India's policy towards West Asia. Still, it is in favour of India to develop economic, political and strategic relations with Iran

considering its importance.⁸ Many issues related to India's connectivity with Central Asia, Afghanistan and energy exports from Iran to India require an advancement of India's policies vis-à-vis Iran. The tight-rope trick to engage two rival Islamic nations, Iran and Saudi Arabia, both rich in energy resources is a major challenge for Indian diplomacy.

(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])

Notes

¹ PTI, "Swaraj on Two-Day Visit to Iran from tomorrow", April 15, 2016, <http://indiatoday.intoday.in/story/swaraj-on-two-day-visit-to-iran-from-tomorrow/1/643525.html>. Accessed on April 19, 2016.

² "Iran, India on verge of Agreeing \$150 million deal to develop Chabahar", <http://theiranproject.com/blog/2016/04/17/iran-india-on-verge-of-agreeing-150-mln-deal-to-develop-chabahar-port/>. Accessed on April 21, 2016.

³ Ankit panda, "India, Iran and Afghanistan Finalise Chabahar Port Agreement", April 18, 2016, <http://thediplomat.com/2016/04/india-iran-afghanistan-finalize-chabahar-port-agreement/>. Accessed on April 21, 2016.

⁴ Shubhajit Roy, "Focus on Chabahar Port Projects as Sushma Swaraj Meets Iranian Leader", April 18, 2016, <http://indianexpress.com/article/india-news-india/sushma-swaraj-in-iran-talks-to-boost-investment-in-iranian-oil-and-natural-gas-sectors-2757791/99/print/>. Accessed on April 19, 2016.

⁵ Ashok K. Behuria & M. Mahtab Alam Rizvi, "India's Renewed Interest in Chabahar: Need to Stay the Course", May 13, 2015, http://www.idsa.in/issuebrief/IndiasRenewedInterestinChabahar_BehuriaRizvi_130515. Accessed on April 21, 2016.

⁶ Ibid.

⁷ "Sushma Swaraj's Iran and Russia Visit; Meet with Chinese Counterpart: Three Key Takeaways for India", April 19, 2016, <http://www.financialexpress.com/article/india->

[news/sushma-swarajs-iran-meet-with-chinese-counterpart-three-key-takeaways-for-india/239542/](http://www.financialexpress.com/news/sushma-swarajs-iran-meet-with-chinese-counterpart-three-key-takeaways-for-india/239542/). Accessed on April 21, 2016.

⁸ Iftikhar Gilani, "Successfully Walking the Tight Rope, India balances its ties with Saudi Arabia and Iran", April 18, 2016, <http://www.dnaindia.com/india/report-successfully-walking-the-tightrope-india-balances-ties-with-saudi-arabia-and-iran-2203180>. Accessed on April 22, 2016.