

# INDIA-IRAN RELATIONS UNDER THE SHADOW OF INDIA-US STRATEGIC PARTNERSHIP

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## INTRODUCTION

India has come under severe pressure from several quarters to clarify its position vis-a-vis its relations with Iran due to its voting three times against the country in the International Atomic Energy Agency (IAEA) resolutions. Since the US has been seen as the arch rival of Iran, and India has shared good relations with Iran from ancient times, it is argued that India has bowed down under the US pressure to tow the latter's line on the Iranian nuclear issue.

The Indo-US civil nuclear deal, signed in 2005, has been cited as the main bargaining plank by the US to bend India to its policy line vis-a-vis Iran. There has been no dearth of efforts by the opponents of the deal claiming that India has lost independence in its foreign policy. However, India has sought to clarify time and again that its vote against Iran was not due to the US pressure, and it is guided only by its own national interest.

This paper deals with this debate and tries to find out the extent of pressure by the US that India faced to change its Iran policy. Additionally,

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the paper attempts to evaluate the merit of the debate itself and argues that delving too much in the discourse just to prove or disprove the pressure, if any, is a futile exercise. The main argument of the paper is that while circumstantial evidence indicates that India did come under the US pressure, there is no substantive proof of the same.

Nevertheless, India should focus on how to balance its relations with both the US and Iran and not worry too much about the accusation of succumbing under the pressure since in the current era of globalisation, no two countries can build their relationship entirely on bilateral considerations, disregarding the impact of third countries. In essence, in the current era, the absoluteness of an independent foreign policy is neither feasible nor desirable.

## **THE DEBATE**

The Indo-US civil nuclear deal, which is the key to the Indo-US strategic partnership, became controversial mainly because of the linkages of this deal with the Iranian nuclear issue. Therefore, before going into the arguments and counter-arguments of the debate, it is imperative to first understand the nature of the deal itself and how it got linked with the Iranian nuclear issue, finally affecting the Indo-Iran relations.

### ***The Indo-US Strategic Partnership***

While falling on opposite sides of the Cold War, India and the US “grew closer in the last years of Bill Clinton’s presidency, and ties were further strengthened after New Delhi quickly backed Bush’s war on terror.”<sup>1</sup> The high point of this closeness was the 123 Agreement which brought the two countries closer like never before.

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1. “India Dumps Old Friend Iran for US Nuclear Carrot,” September 26, 2005, URL: <http://www.expressindia.com/news/fullstory.php?newsid=55386>, accessed on: June 5, 2011, 1:38:50 AM.

The '123 Agreement'<sup>2</sup>, signed between India and the US serves as the bedrock of the Indo-US strategic partnership. This agreement is also known as Indo-US Civil Nuclear Cooperation or the Indo-US Nuclear Deal. The basis of this agreement is the joint statement of July 18, 2005, by Indian Prime Minister Manmohan Singh and US President George W. Bush. Although the deal was signed in 2005, it took almost three years to come into effect since it had to go through several complex stages, including amendment of the Atomic Energy Act of 1954, which is a US domestic law.

The July 2005 foreign policy initiative announced by President George W. Bush to attain "full civil nuclear energy cooperation and trade with India"<sup>3</sup> was intended to "boost the US strategic partnership with India, a partnership that was an important priority for the Bush Administration."<sup>4</sup> Nevertheless, India had lobbied hard for the deal. In fact, "in 2005, the Government of India hired the Washington DC-based lobbying firm, Barbour, Griffith & Rogers, to lobby the US Congress on behalf of the nuclear deal."<sup>5</sup> This firm is headed by Robert Blackwill, who is a former US Ambassador to India and his firm, which "is known for its strong connections with the Republican Party and the White House,"<sup>6</sup> was signed up by India "for \$700,000 a year to work as a lobbyist for 'developing, refining and expanding' relationships between Indian officials and the United States' foreign policy-making apparatus."<sup>7</sup>

India's closeness with the United States has helped India secure its future energy needs in terms of expanding its nuclear capability. The US has also promised India a permanent seat in the expanded Security Council, which, if realised, could boost India into the rank of a major global power.

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2. This agreement requires India to separate its civil and military nuclear facilities and subject all its civil nuclear facilities to the International Atomic Energy Agency (IAEA) safeguards in exchange of the full cooperation by the US in the civil nuclear field.

3. Dinshaw Mistry, "Diplomacy, Domestic Politics, and the US-India Nuclear Agreement," *Asian Survey*, vol. 46, no. 5, September-October 2006, pp. 675-698, p. 675.

4. Ibid.

5. Harinder Sekhon, *India and the United States: Breakthroughs, Prospects and Challenges Ahead*, (Delhi: Macmillan India Ltd, 2008), p. 43.

6. Ibid.

7. Ibid.

With the progress of closer ties, India also hopes to use “American aid to deter a radicalizing Pakistan.”<sup>8</sup>

### *Linking the Deal with the Iranian Nuclear Issue*

It was the requirement of the amendment of the US domestic law that brought the deal into controversy due to the linking of the deal with the Iranian nuclear issue. US Congressmen, who were needed to ratify the law, found in this deal an opportunity to leverage their efforts to further isolate Iran through India’s help. When the Congressmen threatened “that the India-US deal would be in danger if New Delhi did not oppose Iran, India had few options.”<sup>9</sup> Interestingly, while the initial motivations behind the deal were the twin objectives of availability of a huge Indian nuclear market for US firms and containing an increasingly assertive China, the deal was soon entangled in the US domestic politics for which the most dominant theme of the time was bringing Iran to its knees.

During this time, the Iranian nuclear issue was to be referred to the UN Security Council in which India’s vote at the IAEA was crucial. The Indian surprise turnaround on the Iranian nuclear issue by voting against Iran in the September 2005 IAEA resolution gave rise to the suspicion that India had buckled under US pressure to change its Iran policy. For India, the event of voting at the IAEA turned out to be a testing time for proving its “credentials as a responsible nuclear power.”<sup>10</sup>

The first full-house testimony at the International Relations Committee on September 8, 2005, made it clear that India was required to swallow the bitter pill of the Iranian nuclear issue if it needed to get the Indo-US nuclear deal materialised. The difficult choice was presented very clearly when Tom Lantos, a committee member and an important member of the Indian lobby said, “New Delhi must understand how important their cooperation and support is for US initiatives to counter the nuclear threat from Iran. India must decide where it will stand: with the ayatollahs of terror in Tehran

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8. Arsen Vartanyan, “The New Realities of Indo-Iranian Relations,” January 19, 2011, URL: <http://www.journal-neo.com/?q=node/3958>, accessed on: May 20, 2011, 4:02:08 PM.

9. n. 1.

10. Ibid.

or with the United States.”<sup>11</sup> Even the Chairman of the Committee Henry Hyde, “alluded negatively to India’s friendly relations with Iran.”<sup>12</sup>

This hearing was the clearest testimony of linking the Indo-US deal with the Iranian nuclear issue and carried the germs of the shadow that later fell on the Indo-Iran relations. “The committee hearing made it evident to India that US lawmakers were prepared to use the July 18 agreement, signed by Bush, to provide India with civilian nuclear reactors and some hi-tech equipment, as leverage to garner India’s support for the US against Iran.”<sup>13</sup> The exact nature of that support was not clear at that time. However, with the Indian vote in the IAEA in September 2005, that too became evident.

In October 2005, US Under Secretary of State Nicholas Burns had acknowledged<sup>14</sup> that India’s vote against Iran in the IAEA resolution had helped in alleviating the US Congressional opposition. He made this statement on the eve of his visit to New Delhi, the purpose of which was to work on the timetable that would ultimately result in the decisions in the US Congress to change the US domestic law in the course of the fruition of the deal. Both the content and timing of this statement prove a clear linkage of the Indo-US nuclear deal with India’s position on the Iranian nuclear issue.

### *Arguments Favouring the Allegation*

The main argument that is presented to prove that India did come under US pressure is the sudden change of course of India’s stance towards Iran. When India voted against Iran in 2005, it was not on the expected lines— Iran had been confident that India would not go against Iran. However, a meeting between the Indian Prime Minister and the US President occurred immediately before the September 2005 voting and since the change of the Indian course occurred after this meeting, it is cited as proof of India coming under US pressure.

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11. Quoted in Ramtanu Maitra, “India Bends Under US Pressure,” *Asia Times Online*, September 27, 2005, URL: [http://www.atimes.com/atimes/South\\_Asia/GI27Df03.html](http://www.atimes.com/atimes/South_Asia/GI27Df03.html), accessed on: May 24, 2011, 11:27:55 AM.

12. Ibid.

13. Ibid.

14. “India’s IAEA Vote Helped Gain Support for Nuclear Deal, says US Official,” October 19, 2005, URL: <http://www.indiadaily.com/editorial/5067.asp>, accessed on: June 5, 2011, 1:50:52 AM.

The second set of arguments is related to the letters of the members of the US Congress in which Indian companies, especially Reliance (RIL), were warned against doing further business with Iran. In December 2008, in a letter to the Chief of the US Export-Import (Ex-Im) Bank, eight US Congressmen “demanded<sup>15</sup>” that the \$900 million loan guarantees to RIL be suspended until it stopped selling its refined oil to Iran. It was argued that in a situation where the US is trying to pressurise Iran through economic and diplomatic sanctions to stop its nuclear programme, it is against the US national interest to facilitate any company which has trade relations with Iran.

Despite being rich in energy resources, Iran does not have a well-developed refinery industry and so it is compelled to import refined oil for domestic consumption. The fact that these Congressmen included Howard L. Berman who is the Chairman of the House Committee of Foreign Relations which is a powerful body, speaks volume of the force with which this request was made. This letter had followed another letter of just a month earlier, in November 2008, when two Senators had raised the same issue with the Ex-Im Bank.<sup>16</sup>

The termination of further contracts with Iran also speaks volumes about the misgivings against Iran. While in 2009, Iranian crude consisted of 10 percent of the total import of Reliance Industries, it decided against renewing the contract in April 2010 “reportedly because of pricing issues.”<sup>17</sup>

These events have been cited as a warning signal for the Indian government itself, which might have been convinced to fall in line with US policies. The oft-repeated statement of George W. Bush, “Those who are not with us are against us,” can also be cited as a reason for India coming under the US pressure.

Although there have been allegations against India, there has been no substantive proof of the same. However, the recent WikiLeaks and its

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15. “US Lawmakers Want RIL Assistance Stopped on Iran Ties,” December 20, 2008, URL: [http://www.thaindian.com/newsportal/business/us-lawmakers-want-ril-assistance-stopped-on-iran-ties\\_100133174.html](http://www.thaindian.com/newsportal/business/us-lawmakers-want-ril-assistance-stopped-on-iran-ties_100133174.html), accessed on: January 27, 2011, 7:50:37PM.

16. Ibid.

17. Thomas Strouse, “Iran-India Oil Trade in Jeopardy,” January 25, 2011, URL: [http://www.pbs.org/wgbh/pages/frontline/tehranbureau/2011/01/iran-india-oil-trade-in-jeopardy.html?utm\\_campaign=homepage&utm\\_medium=feeds&utm\\_source=feeds](http://www.pbs.org/wgbh/pages/frontline/tehranbureau/2011/01/iran-india-oil-trade-in-jeopardy.html?utm_campaign=homepage&utm_medium=feeds&utm_source=feeds), accessed on: January 27, 2011, 7:38:09 PM.

association with a leading Indian newspaper, *The Hindu*, has provided much fodder for thought to the proponents of the argument of India coming under US pressure. The articles published by the newspapers, citing the leaked cables, have given credence to the fact that India did come under US pressure in voting against Iran. The proponents have cited these articles as proof of their viewpoint. However, it is difficult to consider these leaked cables as proof of such arguments. Nevertheless, they did indicate that there were efforts by the US to coerce India to tow its line against Iran.

The third set of arguments consists of the developments taking place much after the actual voting. The way India shied away from attending to Iran's wrath, caring little about the sidelined Indo-Iran gas pipeline, proves the Indian stance towards Iran a little more clearly. Further, the payment row between the Reserve Bank of India (RBI) and Iran gives further credence to the fact that India is under severe pressure.

In December 2010, the RBI, India's central bank, announced "that Indian companies could no longer use the Asian Clearing Union (ACU) to make oil and gas purchases from Iran."<sup>18</sup> This payment dispute, having the potential of further eroding the Indo-Iran relationship, has also illustrated the level of practical difficulties for foreign companies in trading with Iran due to the US sanctions. "The United States has been pressuring India to close down this trade mechanism with Iran because it has provided Tehran with the ability to bypass restrictions on its financial dealings."<sup>19</sup>

"The ACU mechanism, set up in 1974, acts as a clearing house for bilateral trade between its nine member states. The transactions handled by the ACU are settled by the central banks of the respective countries, making it difficult to identify the individual companies involved."<sup>20</sup> This announcement of the RBI came close on the heels of President Barack Obama's visit to India in November 2010, which made it easy for Iran to link the RBI's move to the US pressure on India.<sup>21</sup>

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18. Ibid.

19. Ibid.

20. Ibid.

21. Ibid.

Although some of these arguments are quite convincing, it is indeed very difficult to substantially prove that India actually bowed down to the US pressure.

### *The Counter-Arguments*

Notwithstanding these arguments, India has vehemently denied any link of its IAEA vote with the Indo-US nuclear deal, due to the fear of a domestic political backlash.<sup>22</sup> The Communist Party of India, that was supporting Manmohan Singh's government during the time of India's first vote against Iran in the IAEA in September 2005, had "asked the government to rebuff US demands for joining the anti-Iran bandwagon."<sup>23</sup>

The chronology of events suggests that "India had to change its position on Iran under American pressure."<sup>24</sup> This "circumstantial evidence" illustrates the possibility of American influence on India on the IAEA vote. "Just hours before Prime Minister Manmohan Singh met George Bush in New York on the 13<sup>th</sup> of September 2005, David Mulford sent an urgent and desperate cable to Condoleezza Rice where he said Indian officials are being intransigent and he implored her to use her influence to get India to vote against Iran. Days after that meeting with Bush, India did precisely that."<sup>25</sup>

However, in an interview<sup>26</sup> in March 2011, Shyam Saran, who was the Indian Foreign Secretary at the time of the Indo-US nuclear deal, while acknowledging that the US did influence India on the IAEA voting in September 2005, has maintained the official line that the American intervention "was not the only reason" for India's vote. Saran said, "Whenever you are taking a decision on a sensitive issue like this you have to consider a number of factors, and the US factor – that a friendly country which was very deeply

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22. n. 1.

23. n. 11.

24. "WikiLeaks Cables not Entirely True: Shyam Saran," Interview of Shyam Saran by Karan Thapar on IBN Live, URL: <http://ibnlive.in.com/news/wikileaks-cables-not-entirely-true-shyam-saran/146560-3.html>, March 21, 2011, accessed on: May 24, 2011, 2:17:37 PM.

25. Ibid.

26. "US Influenced India's Vote on Iran: Shyam Saran," Interview of Shyam Saran by Karan Thapar on IBN Live, [URL: <http://ibnlive.in.com/news/us-influenced-indias-vote-on-iran-shyam-saran/146537-3.html>], March 20, 2011, accessed on: May 24, 2011, 2:23:23 PM.



concerned about the Iranian nuke programme was making that intervention with us was one of the inputs but there were other things as well.”<sup>27</sup>

In reaction to David Mulford’s statement in which he said that he had made it clear to Shyam Saran “that if India did not vote against Iran, it would have an impact on the thinking of Congressmen in America who were not persuaded by the Indo-US nuclear deal and, therefore, that could endanger the Indo-US nuclear deal,”<sup>28</sup> Shyam Saran said, “When we actually had the agreement with the United States of America to conclude an Indo-US civil nuclear deal, Iran was not one of the conditionalities [*sic*]. There were other things we talked about. How this agreement would go through but certainly what India’s position on Iran would be, was not an issue.”<sup>29</sup>

When India voted in the IAEA against Iran in 2009, Iranian Foreign Minister Manouchehr Mottaki expressed his “disappointment”<sup>30</sup> through a letter to the External Affairs Minister S. M. Krishna in which he drew a parallel between the nuclear programmes of Iran and India. However, Krishna had rebuffed such claims by explaining how India could not be equated with Iran due to India’s good records in non-proliferation and commitment towards the IAEA. This has been a consistent official line where any link of the Indo-US civil nuclear deal with the Iranian nuclear issue has been vehemently denied.

### *Where Do We Stand?*

An evaluation of arguments in favour of, and against, the debate suggests that although there are indications that India did come under the US pressure in voting against Iran in the IAEA resolutions, the evidence cannot

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27. Ibid.

28. n. 24.

29. Ibid.

30. Shubhajit Roy, “IAEA Vote: Iran Sends Letter, India Defends,” *Indian Express*, Online Edition, December 31, 2009, URL: <http://www.indianexpress.com/news/iaea-vote-iran-sends-letter-india-defends/561765/>, accessed on: May 24, 2011, 1:00:06 PM.

be substantiated. Due to this fact, it is not easy to question the Indian official statements.

Nevertheless, the whole debate should be seen under the broader paradigm of national interest, focussing on the national security imperatives. However, the problem is that the concept of national interest itself is not very clear these days due to the ever changing nature of the world. Particularly, since the end of Cold War, the concept of non-alignment and the need of independence in foreign policy have become largely redundant. Still, the pressure groups, having a hangover of the Communist era, fail to appreciate this, and this is the main bloc which has come in full force in criticising the government for buckling under the US pressure. While their suggestion of retaining Iran as a friend is appreciable, it would be good for this bloc to see reason too and appreciate the genuine merits of the Indo-US civil nuclear deal.

While it is tempting to lambast the leftists and similar forces for behaving as a spoke in the wheel of progress, it would not be wrong to hold the government itself accountable for its own follies. It has already been mentioned that the government has been doing a tight-rope walk on the issue. However, the intensity of the protest could have been made less severe if the government had properly informed the masses about the rationale of its stance. The clarification or explanation on the part of the government is severely lacking, showing a clear disregard for the impact of the mass media on the political culture of the current era.

A number of illustrations can be presented in this regard. First and foremost among them is the issue of the Indo-Iran gas pipeline. The government is maintaining a deafening silence over the issue and even if explicit questions are asked, there is a lack of conviction on the government's part to clarify the doubts. The second example is dealing with the popular notion of India coming under the US pressure while voting against Iran. While all indications, though not verifiable, show that India came under US pressure, India has not been able to convincingly deny that accusation and has not been able to come up with logical answers to its critics. This shows apathy on the part of the

government and has the potential of putting even the genuine efforts of the government in doubt.

It would not be far-fetched to say that in the modern world, the government is not merely accountable to the masses in a democracy but a large number of its policies are directly guided by the opinion of the masses through the inputs via the modern form of the mass media. Therefore, the government should first be clear about its rationale to act in a particular manner and then communicate the same to the masses to whom it is accountable.

### **THE FUTILITY OF THE DEBATE**

When we take into account the broader aspect of India's national interest, and look at the matter objectively, we find that devoting too much time on the debate is not a very fruitful exercise.

#### ***Independence in Foreign Policy is Undesirable***

In the new world, after the end of the Cold War and the emergence of a unipolar world, it would be against the Indian national interest to be on the wrong side of the only superpower. Further, the logic of inter-relationships dictates that it is not always possible to completely isolate the bilateral relations from the relationship with a third country. Therefore, too much emphasis on independence in foreign relations does not do much good to a nation's interest.

#### ***The Reasons for Bowing Down to the US Pressure***

Under the given circumstances, India has made its calculations to tilt in favour of the US, away from Iran. The fact that India has seemingly bowed down to the US pressure, can be explained by the sheer necessity of it. In the last couple of decades India has shown steady economic progress and has proved itself to be an emerging global power. Accordingly, India is now positively hopeful of getting a permanent seat in the extended Security Council. This feat cannot be attained without the support of the US. Therefore, India has fallen in line with the US thinking on Iran.

**The correct approach to solve the dilemma of Indo-Iran relations coming under the Indo-US strategic partnership would be to look beyond the debate and focus on the ways to offset the negative impacts of the Indo-US relationship on Indo-Iran relations.**

Another important reason is the aspiration of India to be a major player in the nuclear field. The US sanctions, due to the nuclear explosions in 1998, had effectively isolated India from the global nuclear field. This status quo was changed through the Indo-US civil nuclear deal of 2005. This deal has effectively cleared most of the stumbling blocks in the way of India emerging as a major nuclear player.

A word of caution, however, is required here against India taking the dependence route on the nuclear issue, leaving behind its traditional policy of indigenously building its nuclear capabilities. Severe allegations have been levelled against the deal, criticising it as one where India has fallen for bad bargains with the US companies, which are now eyeing the Indian nuclear market. Such allegations have found weight in the wake of the Fukushima nuclear accident in Japan. In this context, it is necessary to note that the present policy of keeping the nuclear transactions in the realm of defence matters, and maintaining secrecy, would not silence the critics. A necessary amount of transparency in the nuclear deals with the US companies would alleviate the genuine fears of the critics.

### **THE RIGHT APPROACH**

The correct approach to solve the dilemma of Indo-Iran relations coming under the Indo-US strategic partnership would be to look beyond the debate and focus on the ways to offset the negative impacts of the Indo-US relationship on Indo-Iran relations. This can be made possible only by the realisation of the basic facts that Iran and the US are antagonistic to each other, and India and Iran have been friendly. Therefore, it is obvious that the US would like to coerce India to fall in line in dealing with Iran.

*Distinguishing Between the Direct and Indirect Pressure*

For a proper understanding of the implications of the US pressure on India to recast its Iran policy, we need to differentiate between the direct US pressure on India in the diplomatic realm and the indirect pressure emanating from the sanctions of the United Nations Security Council (UNSC) that are unilaterally imposed by the US in addition to its domestic laws on sanctions on Iran. It is interesting to note that while the diplomatic pressure is not easy to substantiate, the other kind of pressure, as a fall-out of the sanctions, is very clear to see. It is in this perspective that the issues of the Congressmen's letter and the ACU payment rows should be seen. These, along with the overall diminishing oil trade with Iran, should be distinguished from the diplomatic pressure. While the diplomatic pressure has generated a lot of heat and debate, these discourses sadly lack in appreciating the effect of sanctions that have started showing their impact on the relationship with Iran for any country, not just with India.

*The Politics of Sanctions*

The UNSC has imposed four sanctions on Iran, which are by nature in the order of increased strictness. The implementation of these sanctions, however, rests with the respective members of the United Nations. The United States has been lobbying with its allies such as the European Union, Russia, China and India to implement such sanctions. In this context that it is important to see how these sanctions are imposed and what the role of different countries in implementing the same, particularly the role of the United States, is.

"In the 1990s, the end of the Cold War and the rise of US dominance led to a sharp increase in the use of sanctions, as Congress felt less inhibited in encroaching on the President in foreign policy, and as the United States tried to use its economic might to advance international goals."<sup>31</sup>

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31. Meghan L. O'Sullivan, "Iran and the Great Sanctions Debate," *The Washington Quarterly*, October 2010, 33:4, pp. 7-21, p.7.

"Iran has consistently been listed as a state sponsor of terrorism by the US Department of State since 1986."<sup>32</sup> The US sanctions on Iran, therefore, started much before Iran's clandestine nuclear programme was revealed. "The first US sanctions on Iran were implemented in response to the 1979 seizure of the US Embassy in Tehran by Iranian students who proceeded to hold 52 US officials as hostages for more than a year."<sup>33</sup>

"The uneasy antagonism between the United States and Iran over the past three decades has largely avoided direct bilateral military action. Instead, despite the duration and depth of US concerns about Iran, US policymakers from both parties have typically relied on instruments other than military force, with several notable exceptions. Sanctions have long constituted a central tool in the US arsenal toward Tehran."<sup>34</sup>

"During the 1990s, largely under Congressional pressure abetted by the Israeli lobby, the United States adopted a series of legislative Acts with their edge pointing sharply at Iran that had the effect of inhibiting any serious American-Iranian dialogue."<sup>35</sup> These Acts included the Iran Foreign Oil Sanctions Act<sup>36</sup> of 1995 and Iran-Libya Sanctions Act, also known as the D'Amato Act<sup>37</sup>, which was signed in August 1996. These Acts stalled all progress in any rapprochement between the two countries.

The beginning of "D'Amato's secondary sanctions regime targeting third countries that invested more than \$40 million in Iranian oil and gas"<sup>38</sup> started a new era in which the bilateral relations of the US and Iran were appended with the relationship with third countries. This ceiling was further lowered in August 1997 to \$20 million<sup>39</sup>, tightening further the noose on Iran's economy.

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32. Alethia H. Cook and Jalil Roshandel, *The United States and Iran: Policy Challenges and Opportunities* (New York: Palgrave Macmillan, 2009), p. 100.

33. Suzanne Maloney, "Sanctioning Iran: If Only It Were So Simple," *The Washington Quarterly*, 33:1, January 2010, pp. 131-147, p. 138.

34. *Ibid.*

35. Zbigniew Brzezinski, *Second Chance: Three Presidents and the Crisis of American Superpower*, (New York: Basic Books, 2007), p. 102.

36. *Ibid.*

37. Donette Murray, *US Foreign Policy and Iran: American-Iranian Relations Since the Islamic Revolution* (London: Routledge, 2010), p. 90.

38. *Ibid.*, p. 102.

39. *Ibid.*, p. 196, n. 91.

The US sanctions on Iran have not just affected the oil trade<sup>40</sup> but also the investment in the country by Indian companies, which serves as a symbol of closer ties between any two countries. The case of the Bandar Abbas refinery can be cited as an illustration of this point. In 2007, India's Essar had struck a deal with Iran to build a 300,000 b/d refinery in Bandar Abbas worth \$10 billion. This deal was hailed as a symbol of closer Indo-Iran ties. However, Essar was compelled to withdraw from the deal by the end of that year when its efforts at the same time of acquiring a steel company in Minnesota were threatened to be blocked by Minnesota Governor Tim Pawlenty.<sup>41</sup>

The stalemate in the South Pars gas deal is another glaring example of the effect of US sanctions hampering the Indian investment in Iran. In a deal signed in December 2007, India's Oil and Natural Gas Corporation (ONGC) and the Hinduja Group had agreed to purchase a 40 percent stake in phase 12 of Iran's South Pars gas field which was estimated to be worth \$7.5 billion. However, even after the lapse of three years, the consortium has not managed to secure funds from the banks for the investment, due to the US sanctions.<sup>42</sup>

### *Energy Security Vs National Security*

One factor adding weight to the debate is the obsession with energy security among the thinkers. Energy security should, however, be considered under the broader purview of national security. Once we take this approach, we can be in a better position to appropriately place energy security in the broader paradigm of national security. India's relationship with Iran is predicated mainly on its energy security imperatives. On the other hand, India's relationship with the US is predicated on its national security imperatives. Again, the traditional concept of national security needs be redefined and reformed. There is a growing need to appreciate the 'transformation in the strategy' thinking calculus among the functionaries of the national security establishment.

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40. With about 13 percent of total crude oil Import from Iran in 2010, India held the position of second largest crude oil importer of Iran. Mangalore Refinery and Petrochemicals Ltd (MRPL), a subsidiary of India's state-run Oil and Natural Gas Corp. (ONGC) and the privately owned Essar Oil are the two largest Indian importers of Iranian crude oil. See Strouse, n. 17.

41. Strouse, n. 17.

42. Ibid.

In the current time, “the most perplexing problems of security policy surround irregular rather than regular war.”<sup>43</sup> The concept of national security, therefore, has to be reevaluated and, accordingly, the security strategy should be reformulated. “Strategy has traditionally been concerned with attempts by states to influence both their position within the international system and the structure of the system itself.”<sup>44</sup>

In recent times, there have been considerable changes in the international system, resulting in transformation in strategic thinking and, consequently, “the demilitarisation of inter-state relations, particularly among the great powers, and the expansion of the state system.”<sup>45</sup> A major consequence of decolonisation has been the emergence of a number of new states; quite a few of them are inherently unstable. This has led to an unstable international system and “often this instability leads to violence and brings irregular forces into being. Foreign governments must then decide whether to become involved in helping to restablise the situation or to mitigate the consequences of failing to do so.”<sup>46</sup>

## THE WAY AHEAD

Once the distinction between the diplomatic pressure and the effect of sanctions is appreciated, the next step would be to evaluate the severity of these sanctions. A careful study of the chronology of the oil trade with Iran indicates that it has become increasingly difficult for Indian companies to conduct oil trade with Iran.

### *Recasting Energy Policy*

Therefore, the need of the hour is to diversify the Indian energy trade and become less dependent on Iran for energy security. The facts on the table restrict us from being wishful thinkers and maintaining the traditional stance in terms of energy security. The stubborn attitude of

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43. Lawrence Freedman, *The Transformation of Strategic Affairs*, Adelphi Paper 379 (London: International Institute of Strategic Studies, 2006), p. 7.

44. *Ibid.*, p. 9.

45. *Ibid.*

46. *Ibid.* p. 10.



Iran in its negotiations with the IAEA further accentuates this argument since this stance has the potential of further isolation of Iran from the rest of the world.

It is worth considering that Reliance has increased its imports from Venezuela in order to compensate for the shortfall in its oil imports due to the termination of the Iranian contract<sup>47</sup>. Further, in 2010, India signed a “quadrilateral agreement”<sup>48</sup> with Pakistan, Afghanistan and Turkmenistan for building a regional gas pipeline, which resembles, and potentially replaces, the India-Pakistan-Iran gas pipeline. The apparent suspension of the India-Pakistan-Iran gas pipeline and the proposal for this new one indicate India’s search for new sources for its energy security.

**The need of the hour is to diversify the Indian energy trade and become less dependent on Iran for energy security.**

### *Balancing Relations with Both Countries*

While all efforts should be made to maintain and nourish the recent closeness with the US, a shrewd approach should be adopted to prevent Iran from going tangentially away from India’s list of friends. Given the nature and severity of US pressure, this appears to be a daunting task. However, the acumen of diplomacy can bring out the desired result. Hope also lies in the fact that India as a large energy consumer, is needed as much by Iran as India needs Iran for its energy security. Nevertheless, there is no escape from maintaining this tightrope walk. The argument of totally shunning Iran is fraught with danger, as India needs Iran not just for its energy security but also for its strategic requirements.

It would be helpful to comply with the opinion that “New Delhi’s current ostentatious estrangement from Iran is probably nothing more than a tactical move in the context of India’s inability to resist American pressure.”<sup>49</sup> One sincerely hopes that the increasingly apparent approach

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47. Strouse, n. 17.

48. Vartanyan, n. 8.

49. Ibid.

of “the Manmohan Singh government, with its mono-thematic focus on the India-US civil nuclear deal”<sup>50</sup> is a temporary phenomenon.

## CONCLUSION

While the argument of Indo-Iran relations coming under the shadow of the Indo-US strategic partnership carries merit, the whole discourse is a fruitless exercise as independence in foreign policy is not something perpetually desirable. A more worthwhile exercise would rather be to explore the ways and means to offset the negative impacts of the Indo-US partnership on the Indo-Iran relations since India can ill afford to completely break its long standing good ties with Iran even when its closeness with the greatest power on earth is extremely desirable.

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50 K.C. Singh, “Iran Won’t Forget,” *The Asian Age*, March 17, 2011, [URL: <http://www.asianage.com/columnists/iran-won%E2%80%99t-forget-179>], accessed on: May 19, 2011.