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India-Iran Relations in the Post-Cold War Period:
A (Neo) Realist Analysis

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Introduction

A scientific theory of International Relations (IR) leads to an understanding that states behave in a predictable manner in international system. Such behavior of state(s) is interpreted and analyzed in several ways. Neorealism is one of the many interpretations, which dominates the contemporary theoretical debates in IR, particularly since the end of the Cold War. This study will adopt Neorealism as an analytical framework to explain Indo-Iranian relations in the post-Cold War period.

Neorealism or structural realism entered the theoretical debates in international relations with the publication of Kenneth Waltz’s book *Theory of International Politics* in 1979. Waltz, the foremost advocate of neorealism, took the realist doctrines and interpreted them in order to make political realism a more rigorous theory of international politics. Influenced by the positivistic models of economics, Waltz emphasizes the importance of structure of international system and its role as the primary determinant of state behavior. Unlike traditional Realism which interprets that states behavior is directed by its self-interested nature, Waltz argues that structure directs states conduct.

Actors are less important because structures compel them to act in a certain way. By giving precedence to structure of the international system as part of the equation, neorealists were able to rethink the classical balance of power scenario and the distributions of power and capabilities among states. This paper argues that the strengthening of Indo-Iranian relationship in the post-Cold War period is a result of the constraints imposed on the two countries by the structural changes in strategic and economic environment engendered by the end of the Cold War. By underpinning their relationship in strategic and economic issues, both India and Iran have proved that they are rational actors capable of designing effective strategies to maximize their self-interests and gains.

I

Neorealism, Post-Cold War and India-Iran Relations

Neorealism rejects classical realism’s use of often essentialist concepts such as ‘human nature’ to explain international politics. Realism equates the behaviour of nation-states to the behaviour of individuals in the state of nature, as defined by the 17th century philosopher, Thomas Hobbes. In the state of nature Ì a logical abstraction from society Ì Hobbes imagined each individual to be motivated by the principle of maximization of self-interest and the instinct of self-preservation. More often than not, the interest of one human being turns out to be in conflict with the interest of the other. In the absence of a common superior to hold the individuals in check, there is a constant condition a general conflict of interests. Like the Hobbesian
state of nature, the international system is anarchic, lacking an overarching authority capable of regulating interaction of sovereign states, each moved by its own national interest. States must conduct their relations with other states on their own, rather than under the aegis of a controlling authority.

Neorealist thinkers, on the other hand, developed a theory that privileges structural constraints over agents’ strategies and motivations. Waltz excludes individual actors from his theory and maintains a steady focus on the rationality of the inter-state system. This system, he explains, is composed of parts arranged in specific patterns according to three major structural attributes: specific principles of order, the functions which states perform in the system, and the distribution of power capabilities among states. Waltz’s discussion of the first attribute, drawing from classical realism, emphasizes the point that the international system lacks formal principles of order; it is ‘decentralized and anarchic’ and any ordering principle must therefore be spontaneously formed from the self-interested interactions of states. The states act according to the logic of self-help; seek their own interests without subordinating them to that of others. Every state (as units in the system) has a similar objective of working in the ultimate interest for survival.

In such circumstances, Waltz explains, states perform identical basic functions: they all strive to secure their continued survival as sovereign entities as this is a prerequisite to pursue other goals. All states exist in a competitive system, which produces a tendency towards the sameness of the competitors’ This driving force of survival is the primary factor influencing their behavior and in turn compels states to develop offensive military capabilities and freedom from foreign intervention as a means to increase their relative power. Because states can never be certain of other states’ future intentions, there is a lack of trust between them and the necessity to be on guard against relative losses of power, which could enable other states to threaten their survival. This lack of trust, based on uncertainty, is called the security dilemma.

The proposition that states are functionally similar means that the structures of international systems primarily differ along the third attribute: the distribution of states’ power capabilities. States are deemed similar in terms of needs but not in capabilities for achieving them. In Waltz’s own words, the state units of an international system are distinguished primarily by their greater or less capabilities for performing similar tasks of structures of a system changes with changes in the distribution of capabilities across the system’s units. On the basis of states’ capabilities, Waltz develops a positional picture, a general description of the ordered overall arrangement of a society written in terms of the placement of units. However, the units’ capabilities to pursue their interest are not equally distributed. It varies, with the more capable ones, of course, shaping the realm, posing the problems that the others have to deal with. The unequal distribution of states capabilities creates states’ balance of power behaviour that may lead to either multipolarity or bipolarity. In any international system, Waltz concludes, the major actors strive towards a

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2 Ibid. p. 97.

3 Ibid., p. 99.
balance of power, which shapes international relations. International changes occur when the great powers rise and fall and the balance of power shifts accordingly.

There are two ways in which states balance power: internal balancing and external balancing. Internal balancing occurs as states grow their own capabilities by increasing economic growth and/or increasing military spending. External balancing occurs as states enter into alliances to check the power of more powerful states or alliances. Neorealists contend that there are essentially three possible systems—unipolar, bipolar and multipolar—according to changes in the distribution of capabilities, defined by the number of great powers within the international system.

With the demise of the Cold War major changes occurred in the structure of the system. The disintegration and fall of the Soviet Union rendered the international system unipolar, affecting fundamentally, how states organized their security. For almost half a century and in the bipolar context, the two superpowers played upon each other’s threat to form security alliances. The superpowers protected the aligning countries because it also served their own security interests. At the end of the Cold War, the United States was the sole superpower in the world. In the light of the structural theory, major actors, apprehensive of the unbalanced power of the United States and considering it a potential danger, endeavored to establish a balance of power. They sought to strengthen their positions and/or ally with others to bring the international distribution of power into balance. States also engaged in internal balancing by engaging in mutually beneficial economic relations. The strengthening of Indo-Iran ties in the post-Cold War period can be seen in this context.

The end of the Cold War provided India and Iran with an opportunity to upgrade their bilateral ties. Despite long-standing cultural and historical ties, India and Iran could not develop a robust relationship up until the early 1990s. As far back as March 1950, India and Iran had signed a treaty of friendship, which formalized a diplomatic relationship. However, soon enough, the two countries found themselves poles apart in the political scenario of the Cold War. The Iranian monarch, Mohammed Reza Shah Pehlavi, harboured a deep sense of suspicion toward the Soviet Union, having witnessed the reluctance of the Red Army to vacate Iranian territory after the end of hostilities in the World War II. Consequently, it entered into a US sponsored Baghdad Pact or CENTO in 1955, along with Pakistan, Iraq, Turkey and the United Kingdom, whose goal was to contain the Soviet Union by lining up strong states along its south-western frontier.

India’s first Prime Minister Jawaharlal Nehru was opposed to military alliances and criticized the Baghdad Pact as dangerous to international peace and security. India, imbued with the ideals of anti-colonialism and peaceful coexistence, refused to be a party to any alliance that contributed to militarization of the world and instead led the other post-colonial countries into the Non-Aligned Movement (NAM). In reality, however, India was more sympathetic towards the USSR, whose underlying principles accorded more with its vision of an equitable society. Although India never joined the bloc led by the Soviet Union, the latter gradually became a formidable ally. The vagaries of international politics during the Cold War, therefore, made it difficult for India and Iran to share a close bilateral relationship during the Cold War (see appendix 1 for map of India and Iran).

Ibid. p. 128.
The early 1990s, however, saw a marked change in Indo-Iran ties as both countries started redefining their foreign policy priorities in the context of the changed international milieu. With the disintegration of the Soviet Union, the balance of power of the Cold War era was disrupted in favour of the United States, which emerged as the sole superpower. In view of America’s long history of intervention in weak states, power concentration at its end generated distrust among the second-tier states like Russia, China, Iran and India. Although they were in no position to challenge the US dominance in any significant measure, they made attempts at a balance by upgrading bilateral relations among themselves. India and Iran, sought to increase their strength by forging close relations with each another. This imperative brought Indo-Iranian interests to converge on the number of issues impacting their strategic environment.

The emergent unipolar nature of the international system and Iran’s need for a partner to break out of its isolation perpetuated by the United States was fuelled by Sunni extremism emanating from Afghanistan and Pakistan; problems and opportunities in Central Asia, India’s need to counter Pakistan’s influence in the Muslim world, the prospect of mutual benefit from economic and commercial ties, and the possibility of strategic ties in defence and intelligence areas. While cooperation in economic field reflected internal balance (strengthening of self), strategic cooperation signified the resolve of the two states to seek external balance in the face of unbalanced power of the US.

Two major bilateral agreements constitute the framework for India-Iran relations in recent years. The Tehran Declaration (2001) signed by former Prime Minister of India Atal Bihari Vajpayee and Iran’s then-President Muhammad Khatami laid the foundation for cooperation on a wide range of issues. It focussed heavily on energy and commercial concerns, reaffirmed a commitment to develop the North-South transport corridor (for the movement of goods via Iran into Central Asia, Russia and Northern Europe), and enshrined agreements to promote scientific and technical cooperation. This meeting resulted in the establishment of India-Iran Strategic Dialogue to address regional and international security issues.

Two years later, both leaders signed the Delhi Declaration (2003) along with seven additional Memoranda of Understanding and agreements, which constituted the most substantial set of frameworks guiding Indo-Iranian relationship. The Delhi Declaration focussed on international terrorism (in the wake of 9/11) and shared concerns about US unilateralism in Iraq. Both countries also articulated a mutual interest in pursuing enhanced cooperation in areas of science and technology and most significantly, underlined a commitment to forge defence linkages and develop strategic relations.5

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I
ENERGY TIES

a) Crude Oil Dealings

India’s most noticeable ties with Iran are in the energy sector. Here India-Iran ties are based on the solid logic of supply and demand: Iran is anxious to sell its abundant hydrocarbon resources and India is an eager buyer. The complementary interest of India and Iran in this area was recognised in the New Delhi and Tehran Declarations. The former envisaged energy as a strategic area in the bilateral relationship, whereas the latter emphasized mutual benefits that would accrue from enhanced cooperation. Iran’s interest in exporting its abundant hydrocarbon resources, dovetails perfectly with India’s energy-deficient status and growing demand. With high rates of economic growth and over 17 per cent of the world’s population, India has become a significant consumer of energy resources. Despite its relatively vast domestic energy sources, India’s impressive economic growth has left it increasingly dependent on foreign energy. Already India imports more than two-third of its hydrocarbon requirements and any further escalation would adversely affect its energy security (See Fig. 1 and Fig. 2).6

Figure 1

Source: Petroleum Planning & Analysis Cell, Ernst & Young analysis, 2011

6 India holds just 0.3% of the world’s proven oil reserves while accounting for 1% of world’s total production and 4% of the global oil consumption thus importing around 73% of its oil consumed. Similarly, the country has 0.6% of the world’s proven natural gas reserves, 1.4% of world’s total production while accounting for 1.9% of the worldwide gas consumption, which results in India importing nearly 20% of its natural gas consumed through LNG. See BP Statistical Review of World Energy 2012.
In this scenario, India’s policymakers are well aware of the need to diversify sources of energy supply. This is where Iran comes into play: the Persian Gulf nation accounts for nine percent of the world’s total reserves and over 12 per cent of OPEC reserves. The backbone of India-Iran energy ties is trade in crude oil. In 2010, around 11 per cent of these oil imports came from Iran. Before the US-led sanctions on monetisation of Tehran’s crude oil export took effect in January 2012, Iran was India’s second largest crude supplier after Saudi Arabia and New Delhi was Tehran’s second largest purchaser after China; from Iran has fallen to the seventh position, constituting a much less but significant 6 per cent of the total oil import by source (See Fig. 3). The heat of international sanctions is, nonetheless, have their intended impact on Indian oil purchases. The international sanctions have also curtailed India’s export of petroleum products to Iran as well. In June 2009, India’s largest private sector company Reliance Industries stopped exporting petroleum products to Iran in order to stave off possible restrictions on sales to the far bigger U.S. market. Reliance was exporting 2% of its total output, worth around $280 million. RIL exports petroleum products worth $14 billion annually, of which around 5% is to the US.

India’s crude oil import, which accounts for the bulk of Indo-Iranian bilateral trade, has become even more problematic as of late. On December 31, 2011, President Obama signed the National Defence Authorization Act (NDAA, 2012) containing the first-ever sanctions against Iran’s central bank, Bank Markazi. Specifically, the bill requires the U.S. President to deny foreign banks or financial institutions that process payments through Iran’s central bank access to U.S. financial markets. These new

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**Table 1:**

<table>
<thead>
<tr>
<th>Country of Import</th>
<th>Percentage of total Import</th>
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<tbody>
<tr>
<td>Saudi Arabia</td>
<td>19</td>
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<tr>
<td>Iraq</td>
<td>13</td>
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<tr>
<td>Kuwait</td>
<td>10</td>
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<tr>
<td>UAE</td>
<td>9</td>
</tr>
<tr>
<td>Iran</td>
<td>6</td>
</tr>
<tr>
<td>Other West Asian countries</td>
<td>6</td>
</tr>
<tr>
<td>Western Hemisphere</td>
<td>18</td>
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<tr>
<td>Africa</td>
<td>17</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
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measures are aimed at reducing foreign demand for Iranian oil by punishing dealings with Bank Markazi, Iran’s clearinghouse for crude oil transactions. But, recognizing the need to avoid upending global financial health, the sanctions allow the Obama administration to make exemptions to countries that significantly reduce their volume of purchases of Iranian crude oil, determined on a case-to-case basis. These sanctions came into full effect on July 1, 2012. At the end of the year, the US gave India (and several other countries) a waiver from sanctions after its significant 18 per cent reduction of Iranian oil imports. More US restrictions on the trade in Iranian crude came into effect vide the NDDA 2013, which include provisions that force countries buying Iranian crude to only use banks within their own borders to make payments for that crude.

Iran’s oil sales to India have been fraught with payment problems since December 2010, at which time the Reserve Bank of India scrapped the Asian Clearing Union (ACU) payment mechanism following tougher US sanctions on Iran’s financial sector. Since the RBI shut the ACU arrangement, Indian refiners had been directing oil payments through Turkey’s state-owned Halkbank. To hedge against the possibility of this mechanism being halted, India and Iran worked out a payment agreement in 2011, whereby New Delhi was be able to settle part of its oil bill using its own currency, the Indian Rupee. The lesser known state-owned Kolkata-based UCO Bank, which had little exposure to either the US or EU markets, was selected to handle the payment. This arrangement, however, only covered 45 per cent of the oil bill as India maintains a substantial trade deficit with Iran.

With NDDA 2013, the consumers’ banks have been debarred from transferring that money to Iran or any other bank overseas, in effect, compelling Tehran to buy local products with the local currency from its crude sales. Further, the US Act restricts the kind of goods Iran can buy with its oil proceeds, which includes prohibition on precious metals. In light of the US sanctions law and Halkbank’s refusal to accept payment for Iranian crude, Tehran has geared up to accept rupee payment for the entire crude sales to India. However, this will not be smooth sailing as Iran has already found it difficult to locate Indian products it could buy with its earnings. That


situation could get worse progressively as Tehran is forced to accept payments in local currency for its entire $10 billion crude exports to India. For India, it implies that it would have to look for total substitution of Iranian oil. Already, India has started to buy more crude oil from Saudi Arabia and Iraq that has kept the country well supplied.

The vagaries of crude oil purchases from Iran due to international sanctions are driving the Indian processors to seek alternative supplies, supported tacitly by the government. New Delhi’s strategy appears to be to find the right balance between cutting enough to satisfy Washington without completely choking off Iran’s supply. India is not alone in pursuing this strategy. Other Asian buyers such as China, South Korea and Japan also cut their oil imports from Iran in compliance with US financial sanctions. The pressure on India to reduce imports of Iranian oil has intensified NDDA 2013, as India is left with a huge balance of payment problem vis-à-vis Iran. Even after accounting for a possible increase in exports to Iran due to the refusal of other countries to trade with it, India will still find it difficult to settle the remaining oil bill.

India, however, cannot abandon Iran for geo-political reasons as much as economic ones. Both nations are working on trade routes and transport corridors to Central Asia and Afghanistan. They are equally opposed to Pakistan’s attempts to influence policy in Afghanistan, especially as Western forces prepare to wind up operations in the country next year. Nonetheless, India also needs to keep its relations with the US in order, which have been on the upswing since the civilian nuclear deal in 2005 and has resulted in close cooperation on regional security issues. It is, therefore, not difficult to understand India’s well-publicized initial reluctance to announce immediate cuts in Iranian crude imports in the wake of 2012 US sanction on Iran’s oil sector.13

Although it gave the impression that India would defy US sanctions, this is not borne out by facts. Even as it publicly condemned US sanctions, India substantially reduced its purchase of Iranian crude in order to secure a sanctions waiver. In view of the fact that the volume of shipment from Iran still remains sizeable, crude supply will remain a major issue in India’s engagement with Iran. This apparent contradiction between India’s public defiance of the US diktats and its reluctant adaption to them reflects a complex set of factors that drive New Delhi’s various bilateral relations. A Congressional report puts India’s dilemma succinctly: “As international sanctions have increased in 2011-2012, India appears to be wrestling with a choice of preserving its ties to Iran which has provided it with needed oil for its growing economy or joining US and international attempts to isolate Iran.”14

b) Natural Gas Issues

In addition to seeking new suppliers for energy, India is also pursuing energy resource diversification. This accounts for the increasing use of natural gas, largely driven by demand in the power sector. The power and fertilizer sectors account for nearly three-quarters of natural gas consumption in India. Although India’s natural gas production


has consistently increased, demand has already exceeded supply and the country has been a net importer of natural gas since 2004. Iran has an enormous reserve of natural gas, which stands second only to Russia. However, Iran’s tremendous potential as a source of natural gas for India is yet to materialise.

Talks have been underway between Iran and India to build a pipeline via Pakistan to transport Iran’s abundant natural gas to India. The plan, also known as the Iran-Pakistan-India (IPI) pipeline project, envisages the transportation of Iranian natural gas through a 2,600-kilometres pipeline from the South Pars fields in Iran via Pakistan to Gujarat in India. Even though the project appears beneficial for all the concerned parties, several commercial and political issues have delayed an agreement. Indian security officials have questioned the wisdom of importing a commodity as critical as natural gas through the Pakistani corridor. They insist that the gas pipeline passing through Pakistan should be accompanied by clear security guarantees from Islamabad. Moreover, there is still no agreement, for example, between India and Iran on the price of the gas or between India and Pakistan on the tariff to be paid for transportation across latter’s territory. Due to the uncertainties involving this pipeline, the Indian government’s 12th Five Year plan does not project any gas supply from this route.

In mid-2009, Pakistan signed an agreement with Iran to secure 750 million cubic feet of natural gas per day through the pipeline, without India’s participation in the negotiations. The work on the Iranian side is almost complete and construction in Pakistan began in March 2013. This new pipeline will funnel natural gas from Iran’s South Pars field in the Gulf to Pakistani from the end of 2014. A message from this development seems to be that India could join the deal as intended but it would not wait infinitely for New Delhi to make up its mind. India’s hesitation in reaching an agreement on the proposed deal has been influenced by United States opposition to it.

The Bush Administration opposed the project because of the crucial revenue it would give to Iran, which is facing punitive economic sanctions for its controversial nuclear programme. In light of the Obama administration’s opposition, India shelved the


16 The deal has faced numerous hiccups that have delayed its finalisation. These have been discussed in different details by diverse source. For example, see Teresita C. Schaffer and Suzanne Fawzi, India and Iran: Limited Partnership, High Stakes, South Asia Monitor, Washington D.C.: Centre for Strategic and International Studies, No. 114 (December 20, 2007), p. 2; Shiv Kumar Verma, Energy geopolitics and Iran’s Pakistan and India gas pipeline, Energy Policy, Vol. 35, Issue 6, (June 2007), pp. 3280-3301; Harsh V. Pant, Pakistan and Iran’s Dysfunctional Relationship, Middle East Quarterly, (Spring 2009), http://www.meforum.org/2119/pakistan-and-irans-dysfunctional-relationship.


much-touted Iran-Pakistan-India pipeline project for transporting gas from Iran to India via Pakistan. U.S. laws such as the Iran and Libya Sanctions Act of 1996 (ISA) and now the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA) have further complicated India’s ability to obtain natural gas from Iran.\(^{20}\)

As with the ISA, the CISADA imposes sanctions on foreign companies that invest more than $20 million a year in Iran’s energy sector. Consequently, the $22 billion, 25-year LNG deal India GAIL (Gas Authority of India Limited) and NIGEC (National Iranian Gas Export Company) signed in 2005 remains unrealized. GAIL has been unable to find a way to construct the LNG liquefaction port in Iran as agreed to in the 2005 deal without running afoul of the CISADA and using American-made components and processes, which U.S. law restricts from being circulated in Iran.

In addition to diversifying its sources of supply, India’s international energy strategy has also been to acquire stakes in energy production facilities in Iran, in order to ship liquefied natural gas (LNG). India’s investment in Iran’s energy sector stands around $100 million. Natural gas is set to become the major component of India’s energy import, especially as domestic demand rises and India begins to face higher prices in the international market. Similarly, natural gas exploration and production projects of Indian companies have also been halted. In November 2009, the overseas arm of state-run Oil and Natural Gas Commission (ONGC), ONGC Videsh Limited (OVL), as well as Ashok Leyland Projects Services, a private company, signed agreements to take a 40 % stake in South Pars field-phase 12 (SP-12), offered by the state-run National Iranian Oil Company (NIOC). OVL has also submitted a $5.5 billion plan to bring to production the Farzad-B gas find in Farsi gas fields in the Persian Gulf. Additionally, in December 2009, OVL agreed to take a 20 percent stake in the liquefied natural gas export facility that Iran LNG (a subsidiary of NIOC) is building on the southern Iranian coast. All these deals remain unimplemented due to sanctions.

In the light of extant energy ties and potential for greater cooperation in the natural gas sector, India is wary about severing its energy relations with Iran, which has become a sore point between New Delhi and Washington.\(^{21}\) While relations with the superpower bring obvious benefits for India, its refusal to play a ‘satellite’ of the United States on the Iranian issue highlights the country’s self-perception and understanding of national interests. In the face of continued US pressure and in the backdrop of advantages\(^{22}\) that have accrued as a consequence of the Indo-US nuclear

\(^{20}\) CISADA was passed by Congress on June 24, 2010 and signed into law by President Obama on July 1, 2010. The Act expands upon the restrictions of the Iran Sanctions Act of 1996 (the ISA) and the Iranian Transaction Regulations administered by the Department of Treasury’s Office of Foreign Assets Control (OFAC). CISADA covers a significantly broader range of areas than the ISA that makes it of particular interest to companies with, or considering business activities related to Iran. For full text of the Act, see “Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010,” The Library of Congress, June 24, 2010, http://thomas.loc.gov/home/gpoxmlc111/h2194_enr.xml.


\(^{22}\) With the Indo-US nuclear deal, 2005, the United States agreed to lift three-decade moratorium on nuclear trade with India. Subsequently, the ties between India and the United States have expanded to
deal, it would be an easier option for India to jettison relations with Iran. Conversely, if foreign policy is an instrument to promote and protect one’s national interests, India seeks accommodation with both Iran and the United States based on different, non-parallel policy drivers. India’s relationship with Iran is underpinned by several critical interests, which cannot be substituted by the United States. Moreover, India seeks to pursue an independent foreign policy, critical to building economic and military capabilities, which would buttress its transition from a middle power to major power.23 For the domestic audience, India’s Iran policy is a litmus test of the country’s strategic autonomy. The idea that New Delhi must be free to exercise manoeuvrability to orient and reorient its foreign policy rather than entering into some kind of permanent association on international issues has animated the domestic audience since the Nehruvian period.

II

ACCESS TO CENTRAL ASIA AND AFGHANISTAN

Iran is India’s overland gateway to the Central Asia region and Afghanistan, theatres where India seeks to deepen its economic activities and, more importantly, consolidate a presence by projecting greater power juxtaposed to its major power aspiration.25 The self-confidence to imagine a transit from its middle power status into the big power league was fuelled primarily by India’s rapid economic development in the 1990s, when faced with increasing difficulties with a state-run autarkic economic system of forty years, India adopted liberalisation and globalisation. Robert Kagan


25 Nayar and Paul argue that India has had deep-rooted aspiration to be recognized as a major power, reflected in the building of an independent economic and military capabilities and dogged retention of its nuclear option. However, it had remained dormant due to several domestic and external constraints. Some of the domestic constraints were those arising from economic underdevelopment and low military preparedness. India’s sociopolitical diversity and the related difficulties in forging a national identity and consensus suitable for a major power role has been another important constraint. Externally, the policy of containment pursued by one or more major powers through countervailing alliances and nuclear regime designed to keep India out of the major power system. Nayar & Paul, 2004, pp. 20, 27-34.
observes that "the same economic dynamism and plunge into global commercial competition that brought India out of its shell economically have also brought it out of its shell geopolitically,\(^{26}\) to aspire for change in rank. In pursuance of its major power vision, India combines \(^{27}\) "quiet and informal" strategy predicated on projecting soft power and traditional geopolitical manoeuvres based on power politics, in order to assert on major geopolitical issues.

India seeks an outward expansion of power, beginning with \(^{28}\) "soft hegemony\(^{28}\) over the sub-continental neighbours as well as islands in the Indian Ocean, extending it to the proximate neighbourhoods of West Asia, Central Asia and South-East Asia. In all these geopolitical theatres, India aspires to convert borders into frontiers, not through military might but by instituting vigorous economic interaction, greater connectivity through transportation and establishment of critical energy links.\(^{29}\) A crucial aspect of the balance of power strategy has been to forge highly nuanced and broad-based \(^{30}\) "strategic partnerships\(^{30}\) and establishment of defence linkages with countries in its proximate neighbourhood. This has allowed India to maintain vibrant bilateral relations with diverse countries and address threats to its own territory as well those arising at a broader level in neighbouring regions.\(^{30}\)


\(^{29}\) Kaplan, 2010, p. 183.

\(^{30}\) India has "strategic partnerships\(^{30}\) with countries as diverse as Saudi Arabia, Iran, Israel, Afghanistan and Tajikistan in its western neighbourhood, which are highly nuanced and mean different things in different bilateral contexts. While India\(^{2}\) strategic relations with Saudi Arabia revolves around energy and cooperation in the area of intelligence sharing on terrorism emanating from the West Asian region, it is access to Central Asia and Afghanistan that animates the strategic partnership between India and Iran. India\(^{2}\) strategic ties with Israel are based on military cooperation, whereby, the former buys advanced defence equipment from the latter and both have periodic consultations on counterterrorism strategies. The strategic partnerships with Central Asian countries and Afghanistan include areas such as containing the threat of terrorism, cooperating on energy security, and opening up of new markets for Indian markets. Several writers argue that that India\(^{2}\) relations with Central Asia are designed to secure strategic depth in opposition to Pakistan\(^{2}\) desire for the same. For a comprehensive account of India\(^{2}\) foreign relations see, Sumit Ganguly (ed.), \textit{India’s Foreign Policy: Retrospect and Prospect} (New Delhi: Oxford University Press, 2010). Also see, Gulshan Dietl, \textit{Contemporary Saudi Arabia and the Emerging Indo-Saudi Relations} (New Delhi: Shipra Publications, 2007); Prasanta Kumar Pradhan, \textit{Forging a Strategic Partnership with Saudi Arabia}, \textit{IDSA Comment}, March 4, 2010, http://www.idsa.in/idsacomments/ForgingaStrategicPartnershipwithSaudiArabia_pkpradhan_040310; Alok Bansal, \textit{Iran’s strategic relevance for India}, \textit{Rediff.com}, May 7, 2012, http://www.rediff.com/news/column/irans-strategic-relevance-for-india/20120507.htm; Subhash Kapila, \textit{Iran in the Strategic Matrix of Russia, China And India: An Analysis}, \textit{South Asia Analysis Group}, March 9, 2005, http://www.southasiaanalysis.org/%5Cpapers13%5Cpaper1284.html; P.R. Kumaraswamy, \textit{Strategic Partnership Between Israel and India}, \textit{MERIA Journal}, Vol. 2, No. 2 (May 1998), http://meria.idc.ac.il/journal/1998/issue2/jv2n2a6.html; Ronak D. Desai, Xenia Dormandy, \textit{Indo-Israeli Relations: Key Security Implications}, \textit{Belfer Centre for Science and International Affairs Policy Brief}, July 10, 2008, http://live.belfercenter.org (accessed on 9 June 2012); Scott Moore,
In this context, Central Asia and Afghanistan have emerged as test case for India’s intended outreach. The deep historical links between India and Central Asia is well known, as the latter had been historically a part of the subcontinent, wholly or partially. The region, therefore, naturally figures prominently in India’s cultural, political and strategic discourses. A resurgent India seeks a presence in Central Asia, prompted by a number of forceful motivations: prospects of trade and commerce, desire to revive age-old links, and contain threats of Islamic radicalism emanating from this volatile region.\(^3\) According to scholar Devendra Kaushik, the public mind in India has been in general clear about [the] high stakes in Central Asia on account of our age-old vital cultural and economic interests in the region and concern for our security arising developments in the neighbourhood.\(^3\) India’s cooperation with Iran on building road and rail networks to Central Asia and Afghanistan is of immense significance here, as it has the potential to expand India’s influence in these historically-linked but geographically separated neighbourhoods.

In the early 1990s, the emergence of Central Asia with the disintegration of the Soviet Union was a momentous event for India. External conflicts and internal strife marked the emergence of independent Central Asian republics. The newly emergent states with ill-defined borders were politically unstable and fearful of their neighbours. Sharing its northern border with at least three such states, Iran, was mindful of the dangers of becoming entangled in their disputes. The possibility of ethnic conflicts in those states spilling over into its territory and fuelling irredentism among its diverse ethnic minorities also exercised Tehran. India was equally eager to have stability in Central Asia: its interest lay in retrieving the region’s market that was cut off for Indian goods with the collapse of the Soviet Union. Central Asian states, with their oil

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\(^3\) India’s Connect Central Asia policy unveiled in Kyrgyzstan in June 2012 that envisages a deepening of connections with the region on the basis of four Cs, namely, commerce, connectivity, consular and community, reinforces India’s desire to reach through trade, commerce and cultural diffusion. There have been repeated assertions from the Indian side to this effect, such as External Affairs Minister SM Krishna statement at the Shanghai Cooperation Organization (SCO) in Beijing, that India was keen to build bridges between Central and South Asia. See Meena Singh Roy, India Visit to Tajikistan and India’s Connect Central Asia Policy, IDSA Comment, July 5, 2012, http://www.idsa.in/idsacomments/SMKrishnasVisittoTajikistan_MeenaSRoy_050712; Mona Moussavi, Paving a new Silk Road, \(\text{IISS Voices}\), July 12, 2012, http://iissvoicesblog.wordpress.com/2012/07/12/paving-a-new-silk-road/; India in new initiative to Connect Central Asia, The Economic Times, June 12, 2012; Mahmoud Balooch, Iran and India’s Cooperation in Central Asia, China and Eurasia Forum Quarterly, Vol. 7, No. 3 (2009), pp. 25-29.

and natural gas deposits, also emerged as an important factor in India's efforts to locate the widest possible set of alternatives to meet its growing energy requirements. Given Iran's unique geo-strategic location, the Islamic nation became the only viable gateway through which India could reach this region.

India and Iran have agreed to build an extensive multi-modal trade corridor, called the International North-South Transport Corridor (INSTC), which would facilitate the transfer of goods from India to northern Europe and Central Asia via Iran. The two countries along with Russia signed an agreement to this effect in St. Petersburg in September 2000. As this corridor is part of an Indo-Iranian initiative to expand trade into Central Asia, both India and Iran entered into an earlier trilateral trade agreement with Turkmenistan in 1997. The corridor, when fully operational, would permit facile transport of goods form the western ports of India to the southern Iranian port of Bandar Abbas and Chabahar. They would then transit Iran via rail to Iran's Caspian Sea ports of Bandar Anzali and Bandar Amirabad. A further onward route would see goods being transferred to the Russian and Central Asian sectors of the Caspian Sea. From Russia, the route extends along the Volga River via Moscow into northern Europe. While the route through the Suez Canal and the Mediterranean takes 45-60 days, the North-South Corridor will take 25-30 days. From India's point of view, the North-South Corridor will enable India bypass Pakistan and yet reach Central Asia. It would also cut the costs involved in transporting goods to Central Asia by 30 percent.

The progress on the North-South corridor was impeded due to crisis in Afghanistan and the Iranian nuclear imbroglio, but gathered momentum when eleven new countries in the region signed on to the project. In the New Delhi meeting of experts

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33 With Central Asian energy reserves being estimated at 2.7 per cent of total world oil reserves and 7 per cent of total natural gas reserves, the region has a huge potential as a future energy source for India. Nivedita Das Kundu, “Hamid Ansari’s Visit to Turkmenistan and Kazakhstan,” *IDSA Comment*, April 24, 2008, http://www.idsa.in/idosastrategiccomments/HamidAnsarisVisittoTurkmenistanandKazakhstan_NDKundu_240408.


35 These countries included were Azerbaijan, Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Turkey, Ukraine, Belarus, Oman, Iran, Russia, as well as Bulgaria. See, Debidatta Aurobinda Mahapatra, “The North-South corridor: Prospects of multilateral trade in Eurasia, Russia and India Report,” *Russia and India Report*, March 14, 2012,
from the 14 stakeholder countries in May 2012, discussions took place on the modalities\textsuperscript{36} to get the project off the ground despite the United States promoting its Silk Road proposal\textsuperscript{37} in which its bête noire Iran had been excluded. About six supplementary routes were also discussed in the meeting, all of which involve Iran. Although Iran, one of the original partners of the North-South corridor project, has been embroiled in confrontational politics with Israel and the United States, it has not prevented India (which has friendly relations with both states) from taking the initiative to resuscitate the idea. India is fully cognizant of Iran's pivotal role in the realization of this corridor as its ports Bandar Abbas and Chabahar will be the gateway to onward trade with Afghanistan and Central Asia.

India is also looking at two transit and transportation corridors from Central Asia both via Iran. The first one is a Kazakhstan-Turkmenistan Corridor, a 677-km railway line connecting these countries with Iran and the Gulf. It will link Uzen in Kazakhstan with Gyzylgaya-Bereket-Etrek in Turkmenistan and end at Gorgan in Iran's Golestan province. The second comes in from Uzbekistan through northern Afghanistan, known as the Northern Distribution Network through which the NATO currently routes 70 per cent of their supplies for the ISAF\textsuperscript{38}. But after the Coalition Force exits Afghanistan in 2014, India plans to extend this route to link up with the Zaranj-Delaram road that enters Iran.\textsuperscript{39}

Besides prospects for trade, India seeks a presence in Central Asia because it abuts Afghanistan, where New Delhi is in intense competition with Pakistan for presence and influence. Until the advent of the Taliban, the Afghan governments had good relations with India, which Pakistan looked upon suspiciously and considered Afghanistan an extension of the 'India threat'. Ever since, India supported the Tajik-dominated Northern Alliance that defeated the Taliban in 2001, Pakistan has been trying to limit India's presence in Afghanistan. As Schaffer and Haté write, 'India urgently seeks a strong strategic position in Afghanistan, and has made a substantial investment in aid, trade and diplomatic presence. Its relationships with Central Asia ...

http://indrus.in/articles/2012/03/14/the_north-south_corridor_prospects_of_multilateral_trade_in_eurasia_15134.html.

\textsuperscript{36} The meeting was aimed at achieving progress on four fronts: identifying the residual construction on the main North-South Corridor and the time frame for completion of the work, identification of bottlenecks and action plan for the resolution, action plan along with the time frame for harmonisation of customs and insurance documents and procedures and identification of complementary routes and their status and actionable points for member-countries. The experts indicated the need for funds to the tune of $700 million to ensure that portions of the proposed East-West corridor connecting the Gulf to Central Asia and China could be linked to the North-South corridor. From Sandeep Dikshit, ÒDespite U.S. opposition, Iran to be transport hub for North-South Corridor,Ó The Hindu, 31 May 2012, http://www.thehindu.com/news/national/article3473943.ece.

\textsuperscript{37} Joshua Kucera, ÒCentral Asia: Iran Left out of New Silk Road Plans,Ó Eurasianet.org, November 22, 2011, http://www.eurasianet.org/node/64567/?cid=oth_partner_site-atlantic.

\textsuperscript{38} International Security Assistance Force (ISAF), commonly known as Coalition Forces, is a NATO-led security mission in Afghanistan.

are in part intended to reinforce this. Pakistan has tried to play the Islamic card in Central Asian states in order to strategically outmanoeuvre India from having access to Afghanistan, but with little success. Central Asian countries are participating in India’s efforts to build overland transit networks that would link these various countries to Afghanistan and Iran.

Iran is also central to India’s reach into Afghanistan. India, Iran and Afghanistan held a trilateral meeting on 4 and 5 January 2003 in Tehran to discuss the development of transit and transport between the three countries, elimination of barriers and constraints, and providing safe, smooth, rapid and low-cost transportation. A Memorandum of Understanding on the Development and Construction of Transit and Transport Infrastructures that would connect Chabahar to Afghanistan ring road system at Delaram was signed between the three countries and was aimed at improving access to Afghanistan and Central Asia.

India agreed to expand the port of Chabahar and lay railway track that would connect Chabahar to the Afghan city of Zaranj on the Iran-Afghan border. As part of the development of this route jointly with Iran and Afghanistan, India, unfazed by the Taliban attacks, completed a 213-kilometre strategic highway in 2009 linking Zaranj to Delaram. While Iran has built the road connectivity from Chabahar to the Afghan border, India is helping Iran to upgrade the Chabahar-Milak railroad. The aim is to build a hassle-free Chabahar-Milak-Zaranj-Dilaram route from Iran to Afghanistan, which would boost tripartite trade.

India is keen to upgrade the capacity of the Chabahar port so that it becomes equipped to handle large cargoes. Under the trilateral agreement, Iran has completed 70 percent of work with India’s assistance in the first phase, with an investment of about $340 million in the venture. In the second phase, India is considering several options for the port’s expansion with a total investment of $300-400 million. Under the terms of

Schaffer and Haté, “India’s Look West Policy: Why Central Asia Matters,” p. 2. Central Asia has acquired renewed importance in India’s Afghan policy in the context of NATO military drawdown in 2014. India is acutely aware of the fragile security situation in Afghanistan and expects it to deteriorate even further, with the US exit. Central Asian countries share this perception as well and, therefore, New Delhi views them as dependable allies in dealing with this problem.


Iran’s work on the Chabahar project has been slow and far beyond schedule, despite India having built the Zaranj-Delaram road from the Afghan side of the Iran-Afghanistan border way back in 2008. Although the post is functional, it has a limited capacity of only 2.5 million tons per year, whereas the target was 12 million tons. However, at a time when its economic health is suffering on account of international sanctions, the necessity to engage India has prodded Iran to move forward and complete its part of the project. India will make investment in the expansion of the port that will come from the rupee payments for oil that it is importing from Iran. One of the three investment options that India is considering is to construct and operate a multi-purpose cargo berth at Chabahar with an investment of about $20 million. The second option is to build a container terminal at an estimated investment of $30 million. And, the third plan is to develop yet another bigger container terminal at a cost of about $65 million. India’s interest in the Iranian port has increased beyond direct access to Central Asia and Afghanistan, but also to facilitate import of minerals from Afghanistan via Chabahar. Iran has plans to
the trilateral agreement, Indian goods, heading for Central Asia and Afghanistan, would receive preferential treatment and tariff reductions at Chabahar. In March 2012, ships from India docked at Chabahar and unloaded 100,000 tonnes of wheat headed for Afghanistan. Since this was a humanitarian aid shipment, the US found it difficult to oppose the move. It was, nonetheless, a test run for future commercial use of the port.\(^{43}\) Though the United States objects to India’s use of Chabahar for commercial purposes, India considers it as a gateway to Afghanistan and Central Asia bypassing Pakistan, which blocks the country’s mainland routes to these areas.

The Indian government is also putting in resources toward the construction of a 900-km railway line to connect Chabahar to Afghanistan’s iron ore regions of Hajigak and its copper mines of Zabul Province\(^{44}\), asserting at once the importance of Iran to India’s trade in this part of the globe and demonstrating foreign policy independence. The Chabahar port will also provide Afghanistan with supplementary access to the warm waters of the Gulf, eventually reducing its dependence on Pakistan’s Karachi port and ultimately augmenting trade with India.\(^{45}\) Indeed, the head of Foreign Relations at the Afghan Chamber of Commerce and Industries, Azarakhsh Hafezi, ramp up the port’s capacity from 3-6 million tonnes in the first phase to 10 million tonnes. India is keen to involve Afghanistan in the building of the Chabahar port as it would involve a commitment from the latter to prioritise its trading through this port as opposed to the Karachi port. \(^{\text{Chabahar port: India, Iran, Afghanistan to set up group.}}\) \(^{\text{The Indian Express, August 27 2012,}}\) http://www.indianexpress.com/news/chabahar-port-india-iran-afghanistan-to-set-up-group/993600/; Dipak K. Dush, \(^{\text{India eyeing Iran’s Chabahar port for direct access to Central Asia.}}\) \(^{\text{The Times of India, 26 August 2012,}}\) http://articles.timesofindia.indiatimes.com/2012-08-26/india/33401506_1_direct-access-iran-s-chabahar-indian-ports-association; \(^{\text{Trilateral meet to discuss Iran’s Chabahar port.}}\) \(^{\text{The Times of India, August 26, 2012,}}\) http://articles.timesofindia.indiatimes.com/2012-08-26/india/33401652_1_iran-s-chabahar-chabahar-port-delaram; \(^{\text{India discusses Chabahar port project with Iran, Afghanistan.}}\) \(^{\text{Indian Defence News, August 27, 2012,}}\) http://indiandefencenews.in/india-discusses-chabahar-port-project-with-iran-afghanistan/.

\(^{43}\) Rani D. Mullen and Sumit Ganguly, \(^{\text{The Rise of India’s Soft Power.}}\) \(^{\text{Foreign Policy, May 8, 2012,}}\) http://www.foreignpolicy.com/articles/2012/05/08/the_rise_of_indian_soft_power?page=full; Prashad, \(^{\text{Asia Times Online, May 7, 2012.}}\)

\(^{44}\) Hajigak, 130 km west of Kabul in Bamiyan province, holds Afghanistan’s largest iron ore deposits. Of the 22 companies shortlisted for the bid for these mines 14 are Indian, including a consortium led by the public sector Steel Authority of India Limited. It is a kind of dream project for India: it helps Afghanistan in industrialization and creation of jobs and it offers India vast amount of resources, while according a chance to showcase Indian engineering skills. Jayanth Jacob & Saubhada Chatterji, "Hindustan \(^{\text{Track 3: Afghan-Iran rail link.}}\)" \(^{\text{Hindustan Times, November 1, 2011,}}\) http://www.hindustantimes.com/India-news/NewDelhi/India-s-Track-3-Afghan-Iran-rail-link/Article1-763448.aspx; Eltaf Najafizada, Afghanistan Awards Indian Group Hajigak Iron-Ore Mining Rights, \(^{\text{Bloomberg, November 27, 2011,}}\) http://www.bloomberg.com/news/2011-11-28/afghanistan-awards-most-hajigak-iron-ore-mining-rights-to-indian-group.html; M K Bhadrakumar, "India’s Hajigak road to Hajigak passes through Iran," \(^{\text{Rediff.com, December 1, 2011,}}\) http://blogs.rediff.com/mkbhadrakumar/2011/12/01/indias-road-to-hajigak-passes-through-iran/.

\(^{45}\) The Zaranj-Delaram road has encouraged Afghan businessmen to shift their transit of goods from Karachi harbour of Pakistan to Chabahar port in southern Iran. See \(^{\text{Iran and Afghanistan.}}\) \(^{\text{Institute for the study of War (Washington DC),}}\) http://www.understandingwar.org/iran-and-afghanistan.
believes that it could be a good alternative to the Karachi port as it is the shortest and low cost way for Afghanistan to reach these waters.\footnote{Afghanistan, Iran and India Reach Chabahar Agreement, Afgha.com-News-Afghanistan, August 28, 2012, http://www.afgha.com/?q=aggregator/categories/1.}

In keeping with its desire to project soft power in another region, India imagines the proposed trade routes in the image of silk routes of earlier times, which, in addition to being conduits for transportation of prized material commodities, were also purveyors of ideas and philosophies, culture and traditions as well as technologies. It is reasonable to assume that projects as ambitious as these must be inspired by an equally ambitious idea of simulating fabled predecessors. Trade and commerce through these trade routes would help in the diffusion of India’s culture, philosophy, ideas, and knowledge to distant lands. Believing that trade and development would stabilise the various countries of Central Asia as well as neighbouring Afghanistan and the resultant zone of peace would contribute to keeping India’s own growth and development unhindered, India is keen to see these linkages materialise and considers a partnership with Iran central to this endeavour.

III	

COOPERATION ON TERRORISM AND SECURITY

A shared threat from Sunni radicalism emanating from Pakistan and Afghanistan has emerged as one of the most significant area of cooperation between India and Iran. The issue of Pakistan-based terrorism came up in a significant way during Iranian Foreign Minister Manouchehr Mottaki’s visit to India in November 2009. Currently, both the countries share similar concerns about the role of Pakistan in fostering a terror groups including al-Qaeda on its soil having links to the Taliban in Afghanistan. India has repeatedly called international attention to Pakistan’s military and intelligence establishments’ backing of their operations in the subcontinent. The Mumbai blasts of November 2008 and those in Pune in February 2010 brought this connection to full light. Iran is also feeling the heat from increasing Sunni militancy within its territory. A spate of suicide bombings has rocked Zahedan in recent years, a predominantly Sunni city along Iran’s frontier with Pakistan.

As far back as the early 1990s, the consolidation of power by the Taliban in Afghanistan emerged as a major source of anxiety for both the countries. India and Iran with large Shia Muslim populations were wary of Sunni-Wahhabi extremists in their proximate neighbourhood. India was, moreover, deeply apprehensive of Taliban’s jihadist ideology and its potential for fomenting trouble in Kashmir and other parts of the country. As opposed to Pakistan that quickly recognised the Taliban regime, India and Iran backed Afghanistan’s anti-Taliban Northern Alliance. India coordinated extensively with Iran and Russia to contain Pakistan’s involvement in Afghanistan and its support to the Taliban. When the Taliban was routed by the Northern Alliance in November 2001, both India and Iran welcomed its fall and made Afghanistan’s reconstruction and development a common critical goal.\footnote{Iran pledged US$ 560 million at the Tokyo Conference on the Reconstruction of Afghanistan in 2002, and an additional US$ 100 million at the 2006 London Conference. Much of the Iranian aid to Afghanistan has been spent on infrastructure project mainly transportation links between Iran, Afghanistan, and the Central Asian Republics. See Mohsen Milani, Iran and Afghanistan, The Iran Primer: United States Institute of Peace, http://iranprimer.usip.org/resource/iran-and-afghanistan;
Currently, both countries share similar concerns about the role of Pakistan in fostering a host of terror outfits on its soil and providing safe haven to Taliban on its western and southern frontiers. The Pakistani military considers them as counterweights to India’s developmental efforts in Afghanistan and as a means to deepen its own strategic depth in the war-torn country. In a similar vein, Pakistan also dislikes Iran’s alliance with the Tajik and cultural ties with Shia Hazara, who together constitute 36 percent of the Afghan population, a significant number that can undercut Islamabad’s influence inside Afghanistan. Iran is also feeling the heat from increasing Sunni militancy within its territory, mainly in Zahedan—a predominantly Sunni city along Iran’s frontier with Pakistan—which has been attributed to Pakistan-based Jundullah (with possible links to Taliban or al-Qaeda or elements within the Pakistani government). Therefore, both India and Iran have strong stakes in a stable Afghanistan.

Pakistan lost its influence in Afghanistan to India after the fall of the Taliban regime and is eager to reverse the situation as much as possible. Any push to reintegrate the Taliban into the government would redouble Islamabad’s leverage in Kabul to New Delhi’s detriment. Therefore, both India and Iran, have expressed strong reservations on the United States’ policy of negotiating with the so-called ‘good’ Taliban, enunciated of late. A rapidly expanding Taliban insurgency against the US-led NATO forces made Washington realize during 2009-10 that there can be no easy victory in the Afghan war. When President Obama announced his plan in June 2011 to begin the drawdown of US troops from Afghanistan, the US administration opened the door to a reconciliation process in which the American military would reach out to moderate elements of the Taliban, much as it did with Sunni militias in Iraq. This policy also


reflects Afghan President Hamid Karzai’s own inclination to integrate Taliban fighters, who renounce violence, into the Afghan armed forces. Islamabad has already offered to help the Americans and Karzai government negotiate with the Taliban and other insurgents.51

Iran joined India in opposing the distinction between ‘good’ and ‘bad’ Taliban. They also opposed the adoption of a $ 500 million ‘Peace and Reintegration Trust Fund’ at the London Summit in January 2010, instituted to bring Taliban fighters into the civilian fold, as absurd and destabilizing. Taliban and other associated terrorist groups, at the behest of their masters in Pakistan, have been carrying out attacks and issuing threats to compel India to close down its developmental activities and leave Afghanistan. Any push to reintegrate the Taliban into the government would redouble Islamabad’s leverage in Kabul to New Delhi’s detriment. Iran is an important ally here and its help is crucial in ensuring that elements hostile to India do not have a free run in Afghanistan (allowing Pakistan the strategic depth which it so dearly seeks over India, by being in a position to control the regime in Kabul) after the Western forces leave the region.52

What India wants is a relatively benign and non-extremist Afghanistan as a way of limiting Pakistan’s influence in the region, which is detrimental to its continued presence and influence. Iran is an important ally on the issue whose help is crucial to ensure that India is not left to bear the brunt of a resurgent Pakistan-backed extremist government in Afghanistan when NATO forces withdraw from the region.53 Both


51 In fact, it was Pakistan that first floated the notion that the Taliban could be categorized as ‘good’ and ‘bad’. The ‘good’ Taliban were those who could cut ties with al-Qaeda and other terrorist groups and pursue their political goals peacefully. However, the irony is that there can be no such neat distinction as both al-Qaeda and the Taliban in Afghanistan are surviving and flourishing with the connivance of the Pakistani establishment. It is no surprise that the Talibanization of Pakistan is taking place rapidly and US-led NATO forces are increasingly losing ground in Afghanistan. See, Jane Perlez. February 09, 2010. Pakistan Is Said to Pursue Role in U.S.-Afghan Talks. http://www.nytimes.com/2010/02/10/world/asia/10pstan.html; Prakash Nanda, ‘The Elusive Search for Good Taliban’ UPI Asia, February 3, 2010, http://www.upiasia.com/Security/2010/02/03/the_elusive_search_for_good_taliban/5951/; Kanchan Gupta, ‘US legitimising the Taliban, Sunday Pioneer, January 31, 2010, http://www.dailypioneer.com/232672/US-legitimating-the-Taliban.html. On the other hand, India, disfavours any negotiations with Taliban, either in Afghanistan or Pakistan, saying there are no good elements in the fundamentalist militia. New Delhi feels that efforts should be made to create secure areas and promote developmental activities in such areas, a process that would alienate the Taliban. See, for example, Dharam Shourie. ‘Good Taliban, Bad Taliban? India Disagrees’ Outlook India. Com, March 20, 2009, http://news.outlookindia.com/item.aspx?656268; Satish Chandra, ‘London Conference on Afghanistan: Implications for India’ Rediff.com, Feb 8, 2010, http://news.rediff.com/column/2010/feb/08/afghan-conference-implications-for-india.htm.


India and Iran have been isolated in the American search for an Afghan settlement, even as they face an uneasy scenario of a Taliban dispensation in Kabul. It is, therefore, in the interests of the two countries, to intensify coordination with each other and with other regional players such as Russia and Central Asian Republics, to stabilize Afghanistan. Indo-Iranian Joint Working Group on Terrorism is a ready instrument to begin renewed cooperation on combating the Taliban insurgency and the narcotics trade that sustains it.

IV

STRATEGIC AND DEFENCE COOPERATION

India’s cooperation in defence and security areas with Iran falls within the ambit of the country’s geopolitical manoeuvres to assert oneself in the neighbourhood and increase international influence. One of the key instruments of the New Delhi Declaration is the Road Map for Strategic Cooperation which envisages a robust defence cooperation between the two countries, including training and exchange of visits. Though, defence ties between India and Iran have been clouded in secrecy, a number of reports from secondary sources seem to suggest that India was willing to upgrade Iran’s Russian-supplied weapon system, supply conventional military equipment and spare parts, provide expertise in development of military hardware, and train Iran’s armed forces. Several reports indicate that Iran has allowed India to have access to its military bases in the event of war with Pakistan. If true, this could fundamentally alter regional balance of power in India’s favour.

An open display of military cooperation between India and Iran has involved their navies. The first joint naval exercise in the Arabian Sea in March 2003, reflected Indo-Iranian disquiet over mounting presence of American military in the Persian Gulf and Arabian Sea. It was significant, more so, because the military exercises involving the armies, navies and air forces of India and the US had been burgeoning:


More specifically, Indian aeronautical engineers will help Iran maintain and provide mid-life upgrade for its MiG fighter aircraft. Iran has also sought India’s help to refit and maintain tanks, infantry fighting vehicles, and artillery guns. India is also planning to sell Kongo anti-tank guided weapons and spare parts. In the past, India has helped Iran adapt four Russian-built Kilo-class submarines for warm water conditions in the Persian Gulf. Iran is also seeking combat training for missile boat crews and hopes to purchase simulators for ships and submarines from India. See Rizwan Zeb, The Emerging Indo-Iranian Strategic Alliance and Pakistan, Central Asia Caucasus Institute Analyst, February 12, 2003, http://www.cacianalyst.org/?q=node/902; Ehsan Ahrari, As India and Iran snuggle, Pakistan feels the chill, Asia Times, February 11, 2003, http://www.atimes.com/atimes/South_Asia/EB11Df01.html; John Calabrese, Indo-Iranian Relations in Transition, Journal of South Asia and Middle Eastern Studies, Vol. 25, No. 3 (Summer 2002), pp. 75-76.

As cited in Berlin, India-Iran Relations: A Deepening Entente, Ahrari, Ehsan, As India and Iran snuggle, Pakistan feels the chill.
since the mid-1995. The second Indo-Iranian naval exercise took place on March 3-8, 2006, coinciding with President Bush's visit to India and weeks before Congressional hearing of the proposed US-India civilian nuclear deal. The conduct of the exercise signalled to both Washington and Tehran that New Delhi's bilateral relations would be independent of pulls and pressures of a third party.

Some also speak of close security ties between India and Iran, inferring from the presence of an unusually large number of Indian consulates at strategic locations on the Iranian territory. The establishment of Indian consulate in Iranian port city of Bandar Abbas in 2002, which evoked protests from Pakistan, permits New Delhi to monitor movement of ships in the Persian Gulf and the straits of Hormuz. Observers in Pakistan note that the Indian engineers working to upgrade and develop the Iranian port of Chabahar can easily monitor their country's activities at the Gwadar port, currently being developed as a naval base with Chinese assistance.

In addition to the commercial advantages that would accrue to India with the development of Chabahar, the port also appears to have immense strategic significance for the country. Chabahar is about 100 miles east of Gwadar port, where China is developing a large new naval base for Pakistan. India perceives this as a two-pronged threat. India is wary of the growing capability of Chinese navy and Beijing's emergent maritime presence in the seas around its landmass. It is believed that Gwadar will provide China with a "listening post" from where it can monitor US and Indian naval activity in the Persian Gulf and Arabian Sea, respectively, as well as any future maritime cooperation between India and the US.

Some apprehension has also been expressed on the future vulnerability of energy imports through the Strait of Hormuz due to China's strategic foothold in Pakistan's Gwadar port, as part of its overall "String of Pearls" strategy. The dual-use civilian-military facilities at Gwadar, providing a base for Chinese ships and submarines, could pose a direct security threat to India. Equally, Gwadar's closeness to the Straits of Hormuz would enable Pakistan to exercise control over energy routes and as implications for energy traffic to India. India's response to Gwadar was to help Iran develop Chabahar, from where India can in turn observe the activities of Pakistan and China in the Arabian Sea. Indo-Iranian cooperation in this area appears to indicate a reinforcement of strong Indo-Iranian political relations rather than a broader defence alliance.

56 Fair, 2007, p. 50.
Nuclear energy and space could have been another area of cooperation between the two countries. However, political compulsions dictate that no such engagement is in the offing very soon. When Iran was known to be reviving its civilian nuclear programme during the 1990s, New Delhi cooperated with Tehran by agreeing to sell two nuclear reactors that were to be placed under IAEA safeguards. The sale was abandoned under pressure from the United States. Two Indian scientists have also been under US censure for providing technical assistance to Iran’s nuclear programme. Indo-Iran space cooperation also appears to be dead letter in the face of Indo-US cooperation in this field.\(^{62}\)

**V**

**THE NUCLEAR ISSUE**

In September 2005, India voted for the IAEA resolution finding Iran to be in non-compliance of the safeguard obligation under the Nuclear Non-Proliferation Treaty (NPT) and then it voted to refer Iran to the UN Security Council in February 2006. The votes stirred fierce controversy in India but went a long way in placating those policymakers, who questioned India’s engagement with Iran in the backdrop of the Congressional debates on the US-India civilian nuclear deal.\(^{63}\) Even though at the time the government defended its vote as an independent decision by saying it worked actively to help Iran during stand-offs in the negotiation process and ensured that the issue remained with the IAEA instead of immediate referral to the UN Security Council, New Delhi understood that the failure to take a clear stand on the Iranian imbroglio would thwart the much sought after nuclear deal with the United States.\(^{64}\)

The government of Prime Minister Manmohan Singh was accused especially by the Left parties who were partners in the coalition of bowing to US pressure and compromising the autonomy of India’s foreign policy decision-making. Critics also argued that Iran had the right to develop civilian nuclear technology and that India’s vote brazenly dovetailed with the US policy of isolating Iran.\(^{65}\) Yet, Indian polity and

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\(^{62}\) Fair, 2007, pp. 51-52.

\(^{63}\) For example, India conducted its second naval exercise with Iran in 2006 at a time when the US Congress was considering a civilian nuclear deal, which invited the ire of the Chairman of the House Foreign Relations Committee, Tom Lantos, who opined that relationship with the current terrorist regime in Tehran is unacceptable behaviour by any country seeking to be our strategic ally.\(^{66}\) Aziz Haniffa, *India not a Threat to NPT: Lantos*, Rediff.com, April 6, 2006, http://www.rediff.com/news/2006/apr/06ndeal1.htm.


\(^{65}\) Manmohan Singh was criticised by the Opposition parties for bowing to the dictates of the United States on Iran and ignoring the national interests associated with India-Iran ties. For example, see *Congress defends vote, JD(S) criticises*, *The Hindu*, September 27, 2005, http://www.hindu.com/2005/09/27/stories/2005092705341200.htm; *India’s shameful vote against Iran*, *The Hindu*, September 26, 2005, http://www.hindu.com/2005/09/26/stories/2005092606071000.htm; John Cherian, *The Indian volte-
leadership recognize that a nuclear-armed Iran has major security ramifications. Here their views are similar to that of the United States: both have a stake in ensuring that Iran does not develop nuclear weapons. New Delhi, however, differs on how to pursue this goal in the international arena. Even as India voted with the United States on the IAEA resolutions, it asserted that Iran had a right to peaceful use of nuclear energy under the NPT.

India’s position has been to hold Iran accountable to its obligations under the NPT, IAEA and UNSC guidelines and insist that Iran address questions related to its nuclear programme to the satisfaction of the international community. On November 27, 2009, India once again joined the United States in voting against Iran in a resolution at the IAEA, which demanded that the Islamic Republic immediately suspend construction of its newly-revealed uranium enrichment plant at Qom—a site kept secret until recently. This unambiguously demonstrated that New Delhi does not view any further proliferation in its neighbourhood as conducive to its security environment. Manmohan Singh said as much in a question and answer session during his visit to Washington, a week before the vote.  

India’s stand on the Iranian nuclear issue reflects its traditional balance of power exercise of geopolitics. A middle power, trying to move up the ladder in the hierarchy of powers, and faced with the strategy of containment on the part of the great power, may opt for short-term policy of alliance to preserve its foreign policy independence and cope with pressures of containment. However power transition in the post-World War II has become aberrant as the possibility of large-scale, system-changing war, that caused the rise and fall of great powers, has become redundant with the advent of nuclear weapons. The escalation of conflict to a nuclear war would mean the destruction of all belligerents; in effect the nuclear weapons have rendered war unthinkable among the great powers. In order to fortify their ranks and preserve their status in the international system, the great powers have created the non-proliferation regime to prevent any rising power from acquiring nuclear weapons. India rejected the non-proliferation regime and pursued its nuclear option on the normative argument to circumvent the barrier to its rise in the international system. This hurt India in the form of economic sanctions, political condemnation and exclusion from nuclear and high technology trade. After India conducted the nuclear tests in 1998 and weathered the economic sanctions on the strength of its economy, it was engaged in strategic dialogue with all major powers. It became hard for major powers to ignore the country, especially when they could derive economic benefits from engaging India. A major outcome of this


development was the Indo-US nuclear deal, which lifted the nuclear embargo on India and also made high technology available with the great powers, accessible. In fact, Indo-US space technology and defence agreements have been called the ‘other nuclear deals’ for their scope and expanse. Thus, India’s votes against Iran underlines the necessity of a rising power, in face of containment by the great power, to adopt a short-term policy of alliance in single-mined pursuit of national interest.

It is important to note that even though the option of a full-fledged alliance with the United States is available to India, it has chosen to build long-term economic and military capability to assure the autonomy of its foreign policy. In the same vein and side-stepping the US line, India has asserted Iran’s right to peaceful nuclear energy, including mastery over the entire fuel cycle. India’s reluctance to censure or isolate Iran internationally in the context of the continuing Iranian nuclear imbroglio marks the end of New Delhi’s short-term alliance with the US. The decline in the United States’ regional influence in the wake of withdrawal from Iraq, repeated setbacks in Afghanistan, and the advent of the Arab Spring, has made India less beholden to a strategic-security partnership with Washington. India’s refusal to severe trade and economic ties with Iran in the wake of US sanctions reveals that New Delhi wants to see the international affairs of its proximate neighbourhood as an arena where it is the ‘system-builder’. As a rising power, India is concerned about the nuclear ambitions of Iran, an anti-status quoist and revolutionary power. While it does not endorse the military component of Iran’s nuclear programme, India also does not believe that Iran can acquire nuclear weapons capability anytime soon. Even if it does, which would be at best rudimentary, given Tehran’s lack of access to sophisticated technical know-how of the West, New Delhi does not feel threatened by such a possibility. India remains deeply sceptical that the United States can (or should) roll back Tehran’s nuclear programme. What is needed here, in India’s view, is the understanding and management of Iran’s nuclear scenario.

From its own experience of having resisted attempts by the nuclear-weapons powers from being drafted into an unequal regime of the NPT without any security guarantees, Indian political elites believe that the Iranian quest for nuclear weapons, if any, is defensive rather than offensive. Therefore, Indian policymakers remain unconvinced of the Western argument that the threat of military action can force Iran to abandon its nuclear programme. On the contrary, India contends that these would only reinforce Iran’s desire for some kind of a deterrent capability. New Delhi’s position is to hold Iran accountable to its obligations under the NPT through consistent diplomatic engagement, so that it feels secure enough to address questions about its nuclear matters. Simultaneously addressing the larger issue of Iranian security within the context of a comprehensive regional security framework would go a long way in addressing Iran’s fears. For the moment, however, India considers Iran an effective balancer in the region, capable of putting a break on the superpower’s reach. This also agrees with Tehran’s image of its own self. It is,


69 Rajiv Sikri, Challenge and Strategy: Rethinking India’s Foreign Policy (New Delhi: Sage, 2009), 152.
therefore, not surprising that India is aiming to expand its trade ties with Iran despite US sanctions and political pressure.\textsuperscript{70}

VI

THE ‘US FACTOR’ IN INDIA-IRAN RELATIONS

Notwithstanding the IAEA votes, India is conscious of its equities with Iran and has signalled little inclination towards relinquishing them. Several constraints, however, limit the extent to which India can extend a hand to Iran: the first and foremost being India’s relationship with the United States. As Iran’s nuclear standoff continues and as the Islamic Republic suffers the fourth round of the UN Security Council-imposed sanctions, India is clearly in a quandary. When Rao expressed New Delhi’s disapproval of the additional sanctions by individual countries,\textsuperscript{71} she was implicitly referring to the measures taken by the US under the CISADA, which restricts investment by third countries in Iran’s energy sector. Such a position puts India at odds with the United States and lays bare the dilemma posed by continuous pulls and pressures of a strategic partnership with Washington.

Further, while on the one hand, India cannot wish away the unfavourable impact that economic sanctions can have on its energy security and trade relations, policymakers in India are well aware of the importance of a strategic alliance with world’s superpower. In the last two years India has made substantial gains in areas such as military-to-military ties and counter-terrorism: defence trade between the India and United States has expanded to three billion worth and the FBI has been cooperating with the Indian intelligence on investigations of Mumbai terrorist attacks. With the nuclear deal, India is also poised to have access to high technology in areas of energy, space and communication. Ideally, India would like to maintain a parallel relationship with both the United States and Iran, but this is evidently not happening. The IAEA votes and the shaky prospect of the IPI gas pipeline are illustrative of how strong the US factor can be in the future of India-Iran relationship.

Advances in India’s relations with the United States, however, have stymied the realization of the wide potential of Indo-Iranian ties. In 2005, the United States under President Bush’s administration changed the international nuclear regime to accommodate India’s entry into the nuclear club without a mandatory membership of the NPT. Under the terms of the dramatic Indo-US civilian nuclear deal, India will


\textsuperscript{71} On June 17, 2010, EU heads of government agreed to new sanctions against Iran at a Brussels summit that go far beyond those approved by the UN Security Council. The latest EU sanctions and the additional sanctions imposed by the US are much harsher on third countries. They are designed to create a nearly impenetrable barrier around Iran, blocking trade, financial transactions, imports and exports (of energy, military and industrial products), and visas.
receive nuclear technology from the United States and will be able to buy nuclear fuel and technology from the world market. In effect, the deal lifts more than a three-decade US moratorium on nuclear trade with India. Since the agreement for cooperation on nuclear energy was announced by the two countries in July 2005, New Delhi has been under intense pressure to align its stand with Washington on Iran’s nuclear programme as well as hold back on energy and security ties with Tehran. India has voted against Iran (and with the US) at the IAEA on more than one occasion leading to an evident fraying of cooperation in energy and security areas. However, it is equally true that India does not support the US policy of isolating Iran and impeding the development of its energy sector through sanctions, which is out of step vis-à-vis New Delhi’s strategic goals.

Although the United States and India have found some common grounds against Iran’s nuclear programme, they may not be enough to override India’s long-term goals of having access to Iranian energy. India would like to preserve a thriving bilateral relationship with both Iran and the United States in a “fine balance.” In other words, New Delhi aims to pursue bilateral relations with the two adversaries consistent with its interests and requirements, irrespective of the conflicts they might have with each other. India is eager to reclaim its “strategic autonomy,” the idea that no country can be allowed to have excessive influence over its foreign policy decisions which has been the defining feature of the country’s foreign policy decisions since independence. This article attempts to examine the impact of the “US factor” on relations between India and Iran pertaining to three issues: Iranian nuclear programme, energy cooperation and emerging challenges from the Afghan imbroglio, where the American footprint looms large. These will be analysed in the backdrop of brief overviews of India’s ties with Iran and the United States. It is argued that three critical areas, namely, energy security, terrorism, and access to Afghanistan and Central Asia, will keep India’s ties with Iran stable in the near future, even if, there are no new agreements or initiatives and, even as, Washington urges New Delhi to ratchet up pressure on Iran.

In pursuance of its interests-based engagements, India’s relations with the United States also registered a marked improvement in the post-Cold War years. With liberalization of the economy in the early years of the 1990s, India’s vigorous growth became one of the key factors in transforming India-US relationship. An expansion in economic ties, with growth in trade and investment, began to bring down the wall of suspicion between the two countries, even as the prospect for strategic cooperation remained tethered to America’s non-proliferation commitments in South Asia. As a matter of fact, after India tested a nuclear device for the second time on 11 May 1998, the US administration under President Bill Clinton imposed a host of military and economic sanctions. On its part, India remained adamant about keeping its nuclear

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73 For an elucidation of the independent/autonomous strain in Indian foreign policy and its impact on India’s future international relations, see Sumit Ganguly, “India’s Alliances 2020,” in _South Asia in 2020: Future Strategic Balances and Alliances_, ed. Michael Chambers (Carlisle, Penn.: Strategic Studies Institute, 2002), pp 363-79.

option, although New Delhi reiterated its commitment to ‘no-first use’ of nuclear weapons. The immediate effect of the sanctions was to further strain relations between the two countries, already fraught by decades of suspicions and misgivings. The situation deteriorated even further when Pakistan conducted its own nuclear tests a few days later.

In the aftermath of the South Asian nuclear tests, the United States engaged the two regional adversaries in intensive talks on parallel tracks over the next two and a half years. From June 1998 through September 2000, fourteen rounds of dialogue between the United States and India bridged many gaps in understanding between the two countries and raised the level of trust between them. It laid the foundation for an eventual reconciliation between India’s nuclear ambitions and America’s non-proliferation agenda. Deputy Secretary of State Strobe Talbott and Minister of External Affairs Jaswant Singh not only grappled with the urgent issue of arms control and non-proliferation, but they also discussed the potential of economic and strategic cooperation between the two countries. The process of continuous and extensive dialogue enabled the United States to play a crucial role in averting the July 1999 crisis between India and Pakistan from escalating into a nuclear conflagration. The Talbott-Singh talks paved the way for President Bill Clinton’s landmark visit to India in March 2000, which opened a new chapter in Indo-US ties. It also set the ground for US cooperation with both India (and Pakistan) in the war against terror after September 11, 2001.

The bipartisan agreement on the need to broaden the scope of the Indo-US partnership was taken to a much higher plane by the Bush administration when it moved forward on a quartet of core security issues involving sensitive technology transfer: civilian nuclear technology, civilian space technology, high technology trade, and missile defence. The centrepiece of improved bilateral relations became the cooperation in nuclear energy announced in a joint statement on July 18, 2005 by Prime Minister Manmohan Singh and then US President George W. Bush. India agreed to separate its civil and military nuclear facilities and place all its civil nuclear facilities under International Atomic Energy Agency (IAEA) safeguards and, in exchange, the United States agreed to lift three-decade moratorium on nuclear trade with India. It also contained provisions for expansion of US-India cooperation in energy and satellite technology.

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76 For an objective and insightful book that provides an insider’s perspective on the ground-breaking efforts to build a cordial relationship between the world’s two largest democracies, see Strobe Talbott, *Engaging India: Diplomacy, Democracy, and the Bomb* (New Delhi: Penguin, 2004).

77 Ganguly and Scobell, 2005.

78 For the text and terms of the Agreement, see “Joint Statement Between President George W. Bush and Prime Minister Manmohan Singh,” http://georgewbush-whitehouse.archives.gov/news/releases/2005/07/20050718-6.html; For a discussion of the factors that facilitated the agreement, the roadblocks that were encountered, and its implications for the future of India’s foreign policy, its energy security and the international non-proliferation regime and impact on Indo-US relations, see P.R. Chari (ed.), *Indo-US Nuclear Deal: Seeking Synergy in Bilateralism* (New Delhi: Routledge, 2009) and Jayshree Bajoria, “The US-India Nuclear Deal,” November 5, 2010,
Washington’s willingness to consider civilian nuclear cooperation with India marked a harmonization of India’s nuclear ambitions and America’s non-proliferation agenda. President Bush had been able to overcome strong domestic opposition to the deal on the key assumption that New Delhi at the turn of the century was well poised to suit Washington’s objectives in South Asia. With an interest in safeguarding an open international economy and secure in the resilience of its democratic institutions, senior Bush administration officials believed that, India could emerge as America’s most important partner on global issues. These included maintaining a stable balance of power in South Asia, defeating global terrorism, protecting economic supply routes in the Indian Ocean, and ensuring that China’s rise continues to be peaceful.

The clarity of Bush administrations’ India policy has taken a beating with current US government under President Barack Obama. With his administration’s focus on the problems of Afghanistan and Pakistan, India is increasingly seen as part of the problem rather than as part of the solution. India’s reluctance to offer concessions on Kashmir, that might encourage Pakistan to cooperate more thoroughly in Afghanistan, is considered by officials in Washington as a serious impediment towards resolving the Afghan imbroglio. This re-hyphenation of India and Pakistan policy after the Bush strong efforts to downplay decades of Pakistan-centricity in the United States’ approach to South Asia, does not bode well for the broad strategic partnership between New Delhi and Washington, envisioned by the previous administration. Can India at this point afford to abandon Iran, which, is New Delhi’s major energy supplier and a partner in solution to the Afghan crisis? Given the growing challenges of long-term energy security and stabilization of Afghanistan, it may well be time to ask such a question. India’s dilemma on Iranian nuclear programme, energy dealings with the Islamic Republic, and impediments to challenges to a comprehensive Indo-Iranian engagement on Afghanistan, illustrate the impact of the US factor on one of India’s crucial bilateral relations.

VII

THE NUCLEAR FLASHPOINT

Ever since the secretly built Iranian nuclear facilities at Natanz and Arak a heavy water production plant at Arak were brought to light in 2002 by a Paris-based opposition group, the National Council of Resistance of Iran (NCRI), there has been widespread apprehension about the ultimate aim of Tehran’s nuclear programme. The US has alleged Iran of aiming to develop nuclear weapons. Iran, however, insists that


79 For India’s skepticism at designation of Islamabad as a critical partner in this endeavour, see Evan A. Feigenbaum, Obama’s India Problem, Council on Foreign Relations, April 9, 2010, http://www.cfr.org/india/obamas-india-problem/p21862.
its nuclear programme is entirely for peaceful civilian purposes. The international community, led by the United States and the European powers, has rallied to bring Iran to task for non-compliance of the non-proliferation norms through censure at the International Atomic Energy Agency (IAEA) and imposition of United Nations Security Council (UNSC) sanctions.

In September 2005, India voted for the IAEA resolution finding Iran to be in “non-compliance” of the safeguard obligation under the Nuclear Non-Proliferation Treaty (NPT) and then it voted in February 2006 (with 26 other nations) to refer Iran to the UN Security Council for violating international obligations. The votes stirred fierce controversy in India but went a long way in placating those policymakers, who questioned India’s relationship with Iran during the Congressional debates on the US-India civilian nuclear deal. Even though the government denied that there was any linkage between the votes and the then developing Indo-US nuclear cooperation, policymakers in New Delhi understood that the fate of the initiative depended upon making a choice between Iran and the US at the IAEA. That the Indian officials were indeed pushed hard by their American counterparts in New Delhi and Washington to support the US/EU resolution at the IAEA or give up on the nuclear deal has now been corroborated by the India Cables – despatches from the US Embassy in New Delhi to Washington I accessed through the Wikileaks.

Prime Minister Manmohan Singh and his government faced a barrage of criticism nationally, from a wide range of analysts and politicians, for capitulating under US pressure and abandoning the “autonomy” of India’s foreign policy. Though the government officials argued strenuously that the country’s votes was cast independently and in step with India’s opposition to a nuclear Iran, the change in stand on Iran was widely received as a display to loyalty towards the US.

The pressure on India remained throughout the period that the deal was being finalized. A few weeks into the September vote, a diplomatic cable of October 20, 2005 reveal that Washington officials were worried about India’s future course of action on the Iran issue in the face of growing pressure to backtrack from its earlier stance… and abstain in any future IAEA votes. In a secret cable of January 12, 2006, the then US Ambassador to India, David C. Mulford noted the US would like to seek an affirmative vote from India on referring Iran to the UNSC. Abstaining at this stage is not enough, he said, highlighting the importance of India’s September 24 BOG vote.

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The cable sent on September 6, 2005, noted that the then US Ambassador to India, David C. Mulford, told Foreign Secretary Shyam Saran that “the time was drawing near for fence sitters to make hard decisions.” Many in Congress and throughout Washington he reminded Saran, were watching India’s treatment of Iran prior to Congressional debate on the US-India civilian nuclear initiative. India had a key voice in the NAM and could swing opinion in the BOG; it was time, he said, for us to know where India stood. A comment titled “Smelling the coffee” in a cable sent three days later, notes wryly that “the September 8 HIRC statements on Iran by members of Congress served as a wakeup call to India and its Iran stance would directly impact its desire to for legislative fixes that would implement the July 18 POTUS-PM Singh agreements, especially on civilian nuclear technology. India is sufficiently concerned to restate its position on Iran’s nuclear weapons. We have an opportunity as a result. The Indians believed that they have been helpful in the IAEA on Iran, but we should press for more.” Cable No. 39910 (secret), USA nuclear Iran still unacceptable to India, but Delhi questions eventual armed confrontation, dated 9/6/2005 published by The Hindu, March 15, 2011, www.thehindu.com.
[Board of Governors] vote, and the fact that an abstention now would be seen as walking back the GOI’s non-proliferation commitment. Mulford later publicly warned that the pact could die in the Congress, if New Delhi did not back Washington’s bid to bring Iran before the UNSC, in the forthcoming meeting of the IAEA in January 2006. State Department spokesman Sean McCormack in Washington said while Mulford was expressing his own opinion in the remarks, he was reflecting the very strongly-held feelings in Congress about the Iran issue.

Even before the Wikileaks cables brought into clear light the connection between India’s anti-Iran vote and the fate of the Indo-US nuclear deal, a former US government official of the Bush administration, opined, in a talk in 2007 in New Delhi (at a premier security-related think tank- IDSA) that India’s votes against Iran at the IAEA were coerced. That India’s votes brazenly dovetailed with the US policy of isolating Iran was not lost out on the critics of the nuclear deal.

Despite its repeat vote against Iranian nuclear programme, the leaked diplomatic cables divulge that there was no let up in pressure on India to fall in line with the American stand. And the civil nuclear deal was both the carrot and the stick. Referring to US and Indian press reports of India-Iran joint naval exercises and training of Iranian navy in Cochin in February 2006, the Americans, in one of the cables, stressed that the US would see military cooperation with Iran fundamentally more worrying than simple economic ties. It could also seriously complicate efforts to convince the US Congress to approve the Civil Nuclear Cooperation initiative. When clarified that the visit was just a routine port call, and training was not part of the planned visit, the bottom line from the American side was that dallying with Iran is not only dangerous for regional stability but also put at risk Congressional support for the civil nuclear deal.

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81 Cable No. 49618 (secret), India could vote against Iran, dated 1/12/2006 published by The Hindu, March 17, 2011, www.thehindu.com.


83 Stephen G. Rademaker, a former official of the Bush administration, opined, in a talk in 2007 in New Delhi, (at a premier security-related think tank-IDSA) that India’s votes against Iran at the IAEA were ‘coerced’. Sidharth Varadharajan, India’s anti-Iran votes were coerced, says former U.S. official. The Hindu, Feb 16, 2007, http://www.hindu.com/2007/02/16/stories/2007021605671200.htm.


85 Cable No. 58266 (confidential), India’s relationship with Iran should not trouble U.S., dated 3/27/2006 published by The Hindu, March 17, 2011, www.thehindu.com. Tom Lantos, the senior-most Democrat of the House International Relations Committee, was particularly disturbed by the exercise and opined that, in order to become a strategic ally of the United States, he said, India must recognise some basic facts, specifically some facts with respect to Iran: It is a terrorist state whose current regime strives to develop nuclear weapons. At this committee’s first hearing on the proposed
Bush administration had highlighted India’s Iran policy in Congressional hearings on the Indo-US nuclear deal and American Embassy officials in India were vigorously doing their part in getting India to choose between Iran and the US. Even as India joined the United States in voting against Iran in an IAEA resolution in November 2009, in accord with its earlier position on non-compliance and opposition to Iran’s nuclear ambitions, it asserted that Iran had a right to peaceful use of nuclear energy under the NPT. New Delhi’s position has been to support Iran’s right to a civilian nuclear programme under the global non-proliferation norms, hold Iran accountable to its obligations under the NPT, IAEA and UNSC guidelines and encourage the country to address questions on its nuclear matters to the satisfaction of the international community. Although Indian leaders and analysts have for decades been critical of the non-proliferation treaty, for creating nuclear “haves” and “have-nots” as it pursued its own nuclear programme, India upholds that Iran as a member of the NPT has certain obligations that it must fulfil.

As Iran’s nuclear standoff continues and as the Islamic Republic suffers the fourth round of the UN Security Council-imposed sanctions, India is clearly in a quandary. When Foreign Secretary Nirupama Rao in a speech in July 2010 expressed New Delhi’s disapproval of additional sanctions (which takes off from the UNSC Resolution) by individual countries against the Islamic Republic’s energy sector, and referred to their detrimental impact on India’s energy security, India demonstrated that it is conscious of its equities with Iran notwithstanding the IAEA votes. The official’s comment was political in nature, intended at imparting a fresh momentum to Indo-Iran bilateral relations, which had been losing pace for some years now. The message could hardly go unnoticed at a time when Iran was under intense pressure from the Western powers, led by Washington, to roll back its nuclear programme. Such a position puts India at odds with the United States and lays bare the dilemma posed by continuous pulls and pressures of a strategic partnership with Washington.

nuclear deal, I and others on this committee made it clear that a business as usual relationship with the current terrorist regime in Tehran is unacceptable behavior by any country seeking to be our strategic partner. Aziz Haniffa, “India Not a Threat to NPT,” Rediff.com, April 6, 2006, http://www.rediff.com/news/2006/apr/06ndeal1.htm.

86 The then Secretary of State Condoleezza Rice argued in a Congressional hearing for the nuclear deal that it will help India “meet its rising energy needs without increasing its reliance on unstable foreign sources of oil and gas, such as nearby Iran.” See The Honorable Condoleezza Rice at the US Senate Committee on Foreign Relations on “U.S.-India Atomic Energy Cooperation: The Indian Separation Plan and the Administration’s Legislative Proposal,” April 5, 2006, http://foreign.senate.gov/hearings/hearing/?id=d2fe308b-f34d-83ee-1e10-83b3d9e70f8e.

87 While speaking on a televised discussion on WikiLeaks revelations, Mulford gamely fielded a number of questions on some of the other cables, most notably whether the U.S. had “arm-twisted” India into voting against Iran at the International Atomic Energy Agency (IAEA) in 2005. While observing that the prospects of a civil nuclear deal would [have been] immeasurably damaged had India chosen to abstain or sit on the fence, Mulford went to the extent of justifying his actions as reported in the cable, saying it was a key thing to do and do well. The former Ambassador, said the former Ambassador, but it was appropriate for me to reflect to the Indian government the dangers of not supporting a vote on Iran’s. S. Arun Mohan, “U.S. Embassy reports are generally accurate: Mulford,” The Hindu, March 19, 2011, http://www.hindu.com/2011/03/19/stories/2011031962241000.htm
Further, while on the one hand, India cannot wish away the unfavourable impact that economic sanctions is having on its energy security and trade relations, policymakers in India are well aware of the importance of a strategic alliance with world’s superpower. In the last two years India has made substantial gains in areas such as military-to-military ties and counter-terrorism: defence trade between the India and United States has expanded to three billion worth and the FBI has been coordinating with the Indian intelligence on Mumbai terrorist attacks. With the nuclear deal, India is also poised to have access to high technology in areas of energy, space and communication. Ideally, India would like to maintain a parallel relationship with both the United States and Iran, but this is evidently not happening. The United States is firmly between India and Iran, undermining the realization of the full potential of their ties and driving them apart on various other issues. Indo-Iranian relations have suffered and remain underdeveloped. This is not so subtly manifest in the Indo-Iranian energy ties.

VIII

OTHER CHALLENGES TO INDIA-IRAN RELATIONS

a) India’s Relations with Israel

While Iran is important, India would also like to maintain its relations with Israel. India-Israel cooperation has broadened over the years to include supply of defence equipment, intelligence sharing, counterterrorism, and joint defence-related research. The possibility of Israeli technology reaching Iran via New Delhi, has exercised Israeli political establishment from time to time. Former Israeli Prime Minister Ariel Sharon sought explicit guarantees from India on this issue during his visit here in September 2003. Israel raised this question once again at a meeting of an Indo-Israeli joint working group on counterterrorism in November 2004. Notwithstanding, India’s impressive track record in containing illegal transfer of technology received from a third country, Israel’s concerns as the largest arms supplier, will remain salient in India’s defence ties with Iran.

In pursuance of a non-ideological approach to foreign policy in the post-Cold War period, India normalised relations with Israel in January 1992. With the establishment of diplomatic ties, bilateral relations witnessed rapid expansion, particular in fields of trade and economic cooperation, defence, science and technology, and culture. From being described as the ‘most controversial aspect’ of India’s foreign policy and subject to criticism from some quarters, Indo-Israeli bilateral relationship has come to enjoy widespread acceptance and support. There has also been a fundamental understanding of long-term convergence of security interests in the Indo-Israeli ties. One the major issues on which the interests of both the countries seem to converge is the phenomenon of terrorism though they have differing perceptions on the issue. Both states, although in dissimilar contexts, face the scourge of terrorism perpetrated by Islamic groups. India and Israel have established joint working groups, which provide a framework for security officials from both countries to meet and discuss issues of strategic importance. Consultations on security between the two countries have increased, with counterterrorism emerging as the fulcrum of their strategic

dialogue. Jane's Terrorism and Security Monitor reported in August 2001 that Israel was heavily involved in helping Indian counterinsurgency forces in Kashmir.  

India-Israel defence cooperation has broadened over the years to include supply of sophisticated military equipment from Israel. Some of these include Barak shipborne anti-missile system for the navy, upgrades for MiG and Jaguar aircrafts, fast attack boats and aircrafts, reconnaissance and observation system, battlefield surveillance radars, and Phalcon Airborne Warning and Control Systems (AWACS) developed for the Indian Air Force. During the Kargil War, Israel provided India with military hardware including, artillery and rifle ammunitions, laser-guided bombs and unmanned aerial vehicle. India has also negotiated a deal to buy the advanced Arrow anti-missile systems from Israel, built to intercept and destroy ballistic missiles on a national level.

Security of India's border with Pakistan has emerged as a new avenue for cooperation between the two countries. India seeks to contain cross border infiltration from Pakistan with Israeli surveillance equipment and border fencing systems. In April 2009 India launched an Israeli-made spy satellite (RISAT-2) in a bid to keep a round-the-clock surveillance on its international borders. The satellite will help India track infiltration of militant movements on its borders with Pakistan and inside the country. It could capture the images even under clouds and transmit them to the country.

In 2011, the Indian Air Force purchased advanced aerostat radar from Israel. The radars would be deployed at strategic points and provide advance warning against incoming enemy aircraft and missiles. Both the countries are also cooperating in areas of missile defence technology. There is an agreement between India and Israel on joint development and production of a long-range version of the Barak air defence system. India-Israel commercial ties are also expanding exponentially. Bilateral trade has crossed USD 3.3 billion at the end of 2007, primarily in the high-technology sector, rising from just $200 million in 1992-93 when India accorded full diplomatic relations. India's traditional exports to Israel (almost 70 per cent) include rough diamonds, gems, jewels and gold ornaments.

Contrary to India's initial apprehensions, the West Asian countries have been rather indifferent, to Indo-Israeli normalisation. India's Israel policy in the post-1947 period was guided by primarily two factors: the sentiments of Indian Muslims and deference to Arab sensitivities. Earlier, India, as an incipient state under the Indian National Congress, had opposed the Zionist goal of establishing an ethnic-religious state based on Jewish exclusivism in Palestine. The Indian nationalists argued that the consent of the Arab inhabitants was essential for the creation of a Jewish national home in Palestine. As a member of the United Nations Special Committee on Palestine (UNSCOP), India proposed a minority plan which called for the establishment of a federal Palestine with internal autonomy for the Jewish population. When the UN General Assembly voted for the majority plan for partitioning of Palestine, India joined the Arab and Islamic countries in opposing it.

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The imperatives of leading a unified national movement in terms of Hindu-Muslim unity led the Indian National Congress to adopt a pro-Arab policy in the Arab-Israeli conflict. This policy not only established a crucial link between Indian policy towards its Muslims and the trans-Muslim issues in the Arab world, but also caused Indian leaders to view their Israel policy through the prism of Arab-Israeli conflict. Though India granted *de jure* recognition to Israel, New Delhi refrained from establishing full diplomatic relations with Tel Aviv. Several reasons impeded the establishment of India-Israel relations. While she recognised Israel as a state in the comity of nations, India also recognised the rights of Palestinians self-determination and to live in Palestine. Such a position was a reflection of anti-colonial, anti-imperialist vision of Nehru’s foreign policy, wherein India supported all people struggling against domination and for freedom. India’s policy towards Israel was also guided by the sentiments of the large indigenous Muslim population, which identified very closely with the Palestinian “catastrophe” of 1948. The post-partition traumatised Muslim minority in India caused New Delhi to view any positive gesture towards Israel as harmful to internal peace and harmony.92

When India decided to normalise relations with Israel in light of the changing international events and realities in the 1990s, the important countries of the region such as Saudi Arabia and Iran, far from taking an exception to it, responded to the new Israel policy, by actively engaging with New Delhi.93 Indo-Iran ties have acquired a multi-faceted character and both countries consider each other’s cooperation as vital to contain extremism emanating from Afghanistan and Pakistan. Saudi Arabia. In the same way, reports of growing Indo-Israeli military ties in the Arab media, has not deterred Saudi Arabia from close business ties with India. Moreover, India’s ties with almost all major countries of the Gulf have seen an upswing since the last decade. India’s “Look West Asia” policy is a step to place the relations with Israel and Arab world on an even keel in order to safeguard its vital national interest associated with the parties. Even the Palestinian leaders have accepted the inevitability of greater Indo-Israeli cooperation.

It is difficult to overstate the importance India attaches to military cooperation with Israel. Israel is India’s second largest arms supplier and, according to some accounts, has become the largest supplier. The possibility of Israeli technology reaching its adversaries in the Middle East via New Delhi, has exercised Israeli political establishment from time to time. In the backdrop of growing Indo-Iranian ties, and its own adversarial relations with Iran, Israel is fearful of its military equipment or technology reaching Tehran. Therefore, during his visit to India in September 2003, Prime Minister Ariel Sharon sought explicit guarantees from the Indian side on


93 India’s relations with Saudi Arabia and Iran have seen an upward trend throughout the 1990s and beyond. Cooperation with both the countries has expanded in diverse fields. Indo-Saudi bilateral issues include trade and commerce, economics, investment opportunities, education, security, labour, issuance of visas and Indian community welfare among others. Saudi Arabia remains India’s largest source of oil followed by Iran. See A.K. Pasha, “India-Saudi relations: past and emerging challenges and Javed Ahmad Khan, “New trends in Indo-Saudi economic relations” in Gulshan Dietl, Girijesh Pant, A.K. Pasha and P.C. Jain (ed.), *Contemporary Saudi Arabia and the Emerging Indo-Saudi Relations* (New Delhi, Shipra Books, 2007).
secrecy of technology transferred by Israel. Assuring that there was no possibility of leakage of Israeli technology, India spelt out clearly that the deepening strategic ties with the Israel would by no means dilute New Delhi’s relations with Iran. Israel again raised this question at a meeting of an Indo-Israeli joint working group on Counterterrorism in November 2004.

In view of widespread defence cooperation between India and Israel including sale of large weapons systems and extensive military training, Israel’s concerns will remain salient for New Delhi. Christine Fair points out that both India and Israel have considerable expertise in providing maintenance and upgrades for legacy Russian weapons platforms. As such there is an explicit symmetry between the kinds of defence-related services that Israel has furnished to India and the kinds of services India seeks to provide to Iran and other Central Asian states. Israel has helped India with avionics upgrades with its MiGs, and in turn, India hopes to provide similar services to countries throughout the region. Therefore, she argues that Israel has good cause for unease, and India is not insensitive to this discomfiture.

Conversely, Kumaraswamy argues in 1980s, the Middle East being the prime customer for Chinese weapons did not inhibit Israel from actively exporting military hardware to China. Until the Phalcon deal was throttled by the US in 2000, Israel pursued its military ties with China without worrying about the boomerang effect. Hence he says, Indo-Israeli military ties should not be any different from Sino-Israeli regarding illegal transfer of Israeli technology. Moreover, despite its long political and economic ties, India, unlike China has never supplied arms to the Middle East.

Notwithstanding, India’s impressive track record in containing illegal transfer of technology received from a third country, Israeli concerns will remain a part of New Delhi’s strategic calculus vis-à-vis any future military engagement with Iran.

On the other hand, India-Israeli strategic relations have on some occasions strained New Delhi’s relations with Iran. The launch of the Israeli Techsars satellite in January 2008 stirred a political controversy following media reports, which suggested that TECSAR is meant to help Israel monitor developments in its neighbourhood. The Jerusalem Post wrote, the launch will dramatically increase Israel’s intelligence gathering capabilities regarding the Islamic Republic’s nuclear program since the satellite can submit images in all weather conditions, a capability that Israel’s existing satellites lacked, whereas the News Middle East reported Israeli officials confirming that Techsars is of particular interest to their country because it can be used to keep tab on Iran’s nuclear program. A fortnight after the launch, Iran voiced its displeasure over the launch of an Israel spy satellite by India when Iranian Ambassador Syed Mehdi Nabihzedeh said that New Delhi should have considered the political dimensions of the deal. Although, Iran reacted with extreme restraint, such events

94 Fair, 2007, pp. 52-53.
have the potential to drag India into crossfire between Tehran and Tel Aviv and derail its vital interests and concerns in the region.

Further, an Indo-Israeli joint approach toward terrorism clearly has its limits, when Iran is factored in the equation. During his deliberations in New Delhi, Sharon called Iran the “epicentre of terrorism”—a depiction that carried little resonance on the Indian side. Israel’s perception of Iran is rooted in the latter’s long-standing support for the virulently anti-Israeli Hezbollah in Lebanon and Hamas in the Palestinian territories. Both groups are products of Israeli occupation and operate in a localised context. No such fears exist in India with regard to the motives of these groups or of their backers. Iran’s antipathy towards extremism and militancy of the Taliban and their ideological brethren in Pakistan makes the Islamic Republic, in effect, a political ally for India in West Asia.

In the Delhi Declaration (2004) issued at the end of Sharon’s visit, India and Israel concurred to be “partners” against terrorism and condemned “states and individuals who aid and abet terrorism across border, harbour and provide sanctuary to terrorists and provide them with financial means, training or patronage.” Given their vastly different perceptions, India could interpret this to mean Pakistan, for Israel this would be Iran. Moreover, in presenting mutual political and strategic interests in dealing with Islamic fundamentalism and terrorism, India has been careful not to appear as aligning with anti-Islam forces, which given its substantial Muslim population, would create domestic infelicities.

In recent years, Iran’s belligerent rhetoric against Israel has put India in a bind. Ahmadinejad’s repeated calls for destruction of Israel and constant denials of the historicity of the Holocaust have made Israel very apprehensive. In the context of Iran’s intransigence on the nuclear issue, Israeli threat to attack Iran’s nuclear facilities has introduced a new factor into the equation: the future stability of West Asian region. As a country that seeks closer ties with both Iran and Israel and yearns for stability in its proximate neighbourhood, India is clearly uneasy over such developments. While Ahmadinejad may be driven by domestic and regional compulsions to become more radical on Israel and may not have anything to do with destroying the Jewish state much less to use military force against it, India is clearly wary of such utterances on the part of the Iranian president. A stronger and occasional criticism of Israel would be acceptable to India but the call for the destruction of a sovereign state can cloud a constructive Indo-Iranian engagement.

On the other hand, Israel perception of Iranian nuclear programme creates an uncomfortable situation for India. Israel’s position is underscored by security concerns and question of survival of the state in a hostile regional environment. With Iran openly calling for its elimination, Israel clearly sees a nuclear-armed Iran as an existential threat. Israeli leaders have been unequivocal in their opposition to Tehran’s nuclear programme and have also expressed their willingness to engage in


99 Kumaraswamy, 2004, p. 27.

unilateral military action to destroy it.\footnote{See, “Israeli Military Calculations towards Iran: A Looming Showdown,” IISS Strategic Comments, Vol. 12, Issue 9, November 2006.} Israel would like India to acknowledge the threat posed by a nuclear-armed Iran. However, in the absence of a definitive report that establishes Iran’s nuclear weapon capability, India is hesitant to accept the Israeli line. New Delhi has always taken the position that Tehran has the sovereign right to develop a peaceful nuclear programme. However, Iran’s increasing ambivalence to address questions related to its nuclear programme to the satisfaction of the international community, has made India cautious. As Prime Minister Manmohan Singh told Parliament that India’s security interests are not served by the presence of another nuclear power in the immediate neighbourhood, India would like Iran to fulfil its obligations under the NPT, which would not only allay Israel’s fears but also contribute to its own security in the region.

b) The Gulf States

Yet another factor that could constrain India-Iran relations is India’s ties with the Arab Gulf states, especially with Saudi Arabia. Apart from the 4.8 million-strong Indian diaspora, who form a significant chunk of the Gulf workforce, the region is important for energy security and bilateral investment and trade. Saudi Arabia and Qatar are the largest suppliers of petroleum and gas respectively to the subcontinent. India figures as a major export-import partner for all the GCC countries. One the other hand, Iran has far from friendly relations with UAE, Bahrain and Saudi Arabia. United Arab Emirates has territorial dispute with Iran over Tunb islands in the Gulf. Although, controlled by Iran, they are claimed by the UAE with broad Arab backing. Bahrain-Iran relations have been strained since the 1981 discovery of a planned Iran-sponsored coup to establish a Shia theocracy in Bahrain. With 70 per cent of the Shia Muslim being ruled by a Sunni ruling family, much of Bahrain’s sectarian troubles are attributed to Iran.


While, at this stage, it may seem too early to imagine India-GCC ties as a factor in India-Iran relations, it can be said that expansion of the former may cast a shadow over the latter. The Gulf States may caution India over its ties with Iran and their apprehensions will certainly overstretch New Delhi’s capability of balancing its relations with countries locked in conflicts. However, rising insecurity among the Gulf countries due to Iran’s nuclear programme could severely put to test India’s ability to balance its several bilateral ties in West Asia and safeguard equities in them.
Apart from the 4.8 million-strong Indian diaspora, who form a significant chunk of the Gulf workforce, the region is important for energy security and bilateral investment and trade. Saudi Arabia and Qatar constitute the largest supplier of petroleum and gas respectively to the subcontinent. India figures as a major export-import partner for all the GCC countries. One the other hand, Iran has far from friendly relations with UAE, Bahrain and Saudi Arabia. United Arab Emirates has territorial dispute with Iran over Tunb islands in the Gulf.

Although, controlled by Iran, they are claimed by the UAE with broad Arab backing. Bahrain-Iran relations have been strained since the 1981 discovery of a planned Iran-sponsored coup to establish a Shia theocracy in Bahrain. With 70 per cent of the Shia Muslim being ruled by a Sunni ruling family, much of Bahrain’s sectarian troubles are fomented by Iran, it is believed. Saudi Arabia and Iran have a history of mutual distrust and suspicion, which has only sharpened with Iran’s aggressive behaviour in the region in the aftermath of the Iraq war. Iran’s effective control of southern Iraq, incursions into Lebanon through the Hezbollah, interference in the Palestinian issue through Hamas, and meddling in Syria and Yemen have created a sense of disquiet among the Arab countries. The Gulf countries may caution India over its ties with Iran and their apprehensions will certainly overstretch New Delhi’s capacity to balance ties with the two adversaries.

**Conclusion: Quo Vadis India-Iran Relations?**

In some of the foregoing, we have seen the scope and limitations of India-Iran relations. Founded on pragmatic considerations and bolstered by complimentary interests, the relationship is here to stay. India’s success in securing its ties with the United States did not deter it from vociferously defending its relationship with Iran. The February 2007 visit of India’s then-Foreign Minister Pranab Mukherjee to Iran and Iranian President Mahmoud Ahmedinejad’s visit to India in April 2008 both amid heightened US-Iranian tension on the nuclear issue and clandestine Iranian involvement in Iraq are pointers that India will continue to pursue its relations with Iran irrespective of the views of the US. More recently, Mottaki’s trip to India before Manmohan Singh’s departure to the United States was a clear indication that India will not completely sacrifice its energy and strategic interests with Tehran for its relationship with Washington or any other country.

Indo-Iran strategic cooperation has acquired renewed salience in the light of the United States’ exit strategy in Afghanistan involving negotiations with moderate elements of the Taliban. With the possibility of a Taliban regime in Kabul, both India and Iran have equities to defend in the region. They have been marginalized in Afghanistan with Pakistan grabbing a key role in the resolution of the Afghan imbroglio, given its proximity to the Taliban leadership, much of which has been

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afforded sanctuary on its territory. It is now in the interest of India and Iran to support Karzai’s government with all possible developmental and technical support. A coordinated effort in this direction with other regional powers that have a stake in containing extremism in Afghanistan needs to be explored by the two countries.

The United States under Obama administration appears to have adopted a more nuanced foreign policy towards India-Iran relations. Thus, Washington has refrained from publicly expressing disapproval of the ties between the two countries. India on the other hand comprehends the areas where its relations with Iran might run afoul of the American interests: any cooperation on Iran’s nuclear and military programme and defence enhancements would be crossing explicit redlines here. Such a position not only fulfils Washington’s major objectives but also takes into consideration India’s national interests.

Some analysts lament that India’s propensity to walk the thin line by balancing its relationship with Iran and the United States, does not contribute constructively to the solution of Iran’s nuclear imbroglio. They argue that India could be more proactive in persuading Iran out of its confrontationist posture vis-à-vis the western powers. In effect, India can serve as an effective interlocutor on a range of issues, beyond the enrichment question. So far India has desisted from assuming such as role, perhaps, in appreciation of the fact that it would have no real influence on the domestic imperatives of Iranian foreign policy towards the United States and the West. However, India can work with the GCC states in securing an accommodation with Iran. If elements of security assurances were added into any agreement among the parties, it would allay Iran’s fears to a great extent and make the Persian Gulf more secure. Such an initiative requires intrepid diplomatic moves on the part of New Delhi.

A security conception and power projection beyond the perimeters of South Asia is essential as India seeks to be recognised as a global power with a decisive voice in international affairs. In keeping with this ambition, New Delhi aims to consolidate its presence in Afghanistan and Central Asia states and Tehran is pivotal to this endeavour. Iran offers easy land access to these countries, thereby, conferring India the strategic depth in much of its proximate neighbourhood. Any destabilisation in the Persian Gulf or weakening of India’s ties with Iran can only jeopardize New Delhi’s foreign policy in southwest Asia, an unaffordable scenario, given our critical interests in the region.

While Iran has been indifferent about India’s relations with its adversary, Israel has frequently expressed its misgivings over India-Iran ties. Given India’s propensity to forge bilateral relations independent of one another, Israel does not figure significantly in Indo-Iranian relations. Iran, regardless of its anti-Israel rhetoric, has not allowed the Israeli factor to come in the way of its relations with India. Given that Iran was the only West Asian country to express displeasure at India’s move to normalise relations with Israel in 1992, New Delhi and Tehran have come a long way in developing an understanding of each other strategic necessities. While, Pakistan and Egypt continue to make occasional noises about Indo-Israeli relations, Iran has assiduously avoided making references to Israel in its dealings with India.

In the context of the projected and possibly prolonged instability in Pakistan and Afghanistan, both India and Iran Tehran share a common strategic objective of regional stability in southwest Asia, which makes them a long-term strategic partner. Containing extremism and militancy of Taliban in Afghanistan and Pakistan remains integral to that goal. Tehran is pivotal to New Delhi’s trade relations with Afghanistan.
and Central Asia including an access to the Central Asian oil and gas reserves via pipelines passing through Iran. Consequently, the necessity of keeping Central Asia stable and secure has provided more depth to Indo-Iran relations.

Iran is also considered, as an important supplier of energy to augment India’s growing energy needs. Talks have been underway to between Iran and India to build a pipeline either under the sea or via Pakistan to transport Iran’s abundant natural gas to India, one of the largest consumers of natural gas in the world. The overland route through Pakistan appears less feasible now given the volatile situation there but under the sea option continues to be explored and feasibility studies are currently underway. India-Iran gas pipeline built in the near future could ship Iranian gas, currently delivered through tankers in the form of LNG, to India more economically and efficiently. Besides, Tehran is an important ally of New Delhi in Islamic world, especially in countering Islamabad’s anti-India rhetoric on Kashmir. India’s growing relations with Israel and its concomitant diminishing of support for the Palestinian cause have compelled India to cultivate its relations with Iran, as a step towards fortifying its relations with other countries of the Muslim world.

As a result of a combination of factors outlined above, Iran appears to be indispensable for India’s unique political and economic requirements. Quite evidently, therefore, India is sceptical of endorsing Israeli position on Iran, whether it is on terrorism or the nuclear programme. While articulating its concerns on transfer of technology, terrorism or the nuclear issue, Israel cannot set aside India’s commonality of major interests with Iran. At the same time, India will have to take into account Israel regional concerns regarding Iran, given their extensive defence and strategic relationship. So far India has been able to balance contending forces to maintain independent and non-parallel engagements with both the countries. However, there are explicit redlines that India, conceivably, recognises. While Israel might be willing to accept political and economic ties between India and Iran, any cooperation on the nuclear issue would damage Indo-Israeli relations. On the other hand, any support for the Israeli position on Iran would not only spell trouble for India vis-à-vis the Islamic Republic but also with other Muslim countries. It is pertinent to recall here Pakistan’s rhetoric of an Indo-Israeli axis against the Islamic world and its potential for distorting perceptions about India’s foreign policy.

Iran is also essential to India’s security strategy. India has consciously made an effort to dispel Pakistan-centrism from it foreign policy decisions and emerge as an important power beyond the perimeters South Asia. This is reflected in New Delhi’s developmental efforts in Afghanistan and carving of trade routes to Central Asia. With its growing economy, India aspires to emerge as a supra-regional power, and for this, a presence in the proximate neighbourhood is imperative. Iran has provided India with access to these regions, which would otherwise be arduous to reach, given its adversarial relations with Pakistan. If China’s great power ambition and its considerable relations with Pakistan are factored in, Iran again, is strategically placed to leverage India’s power projection West- and Central Asia. Israel, in contrast, is hardly in a position to offer this advantage.

By forging strong ties with both Iran and Israel, India has demonstrated its resolve remain on friendly terms with both the states and its desire to avoid becoming drawn in the conflict between them. India’s relationship with Iran enjoys across the board acceptance, whereas the same cannot be said about Indo-Israel relations. A section of Indian public opinion has been highly critical of India’s ties with Israel and
consequent waning of support for the Palestinian issue. Even in the context of vastly enhanced Indo-Israel military ties, New Delhi has declined to accept Tel Aviv’s position on Iranian nuclear programme or the terrorism issue. Although India incurred the Iranian displeasure by voting in tandem with the US over the nuclear wrangle in the IAEA, it had nothing to do with the Israel factor. Israel, however, remains concerned about the direction of Indian foreign policy towards Iran. Iran, on the other hand, has remarkably restrained about Israel in its relations with India. India has sought to build independent bilateral relationships, without making one a function of its relationship with any third country. Therefore, it has been able to walk the thin line by carefully balancing its relations with all the countries in West Asia, and with Iran and Israel in particular. In doing this, India has demonstrated its non-partisan approach in dealing with the countries of West Asia, a line that continues to underscore New Delhi’s foreign policy approach in the post-Cold war era.

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I. Memorandums of Understanding on Cooperation in the Field of Energy between the Government of Iran and the Government of India (April 10, 2001)

The Government of the Islamic Republic of Iran and the Republic of India (hereinafter referred to as the “Contracting Parties”):

Desiring to enhance traditional ties of friendship between the two countries through development of economic co-operation;

Recognising the advantages to be derived by their respective peoples from the promotion of co-operation in the field of energy;

Noting that the Islamic Republic of Iran is an important source of crude oil and natural gas for the Republic of India’s growing future requirements

Have decided as follows:

APPENDIX I

Map: India and Iran

APPENDIX II

THE TEHRAN DECLARATION, April 10, 2001

The Tehran Declaration, comprising of five different agreements, were signed on April 10, 2001 in Tehran, Iran.

I. Memorandums of Understanding on Cooperation in the Field of Energy between the Government of Iran and the Government of India (April 10, 2001)
Article I
The Contracting Parties shall enhance their co-operation in the field of energy for mutual benefit. In furtherance thereof, the Contracting Parties shall encourage and facilitate joint co-operation in the following areas:

- Exploration and production of hydrocarbons;
- Gas sector projects in Iran consisting of LNG projects, aiming at finalising the LNG agreement, facilities for gas supply to India, gas processing plants; pipeline infrastructure and network development etc;
- Consultancy services, training, research and development programmes/activities in energy sector; in particular on improving hydrocarbon recovery.

Article II
The Contracting Parties shall endeavour to supply crude oil, natural gas and petroleum products, subject to mutually beneficial and agreed terms and conditions for long-term arrangements and in accordance with the respective laws and regulations of the two Contracting Parties. The Two Contracting Parties encourage participation of their respective companies from the public and private sectors.

Article III
The Contracting Parties expressed satisfaction at the progress of work of India-Iran Joint Committee entrusted with the study of all aspects of Iranian gas supplies to India. The Committee has inter alia focused on the possibilities of supply of gas through off-shore and overland pipelines, as well as LNG. The Contracting Parties shall encourage the Committee to pursue its work vigorously.

Article IV
The Contracting Parties shall encourage and facilitate early implementation of on-going LNG projects in Iran for LNG supplies to India.

Article V
The Contracting Parties agree to extend efforts and take necessary measures towards expanding already existing cooperation in the areas of refinery and petrochemicals.

Article VI
The Contracting Parties agree to cooperate to provide training, exchange of experts and hold conferences/seminars to enhance the development of human resources and productivity in the field of energy.

Article VII
This Memorandum of Understanding shall not in any way affect the obligations of the Contracting Parties under existing bilateral agreements between the two countries.

Article VIII
This Memorandum of Understanding shall enter into force upon signature and shall remain in force for a period of five years and shall be automatically renewed thereafter on a yearly basis unless either Contracting Party gives the other Contracting Party a written notice of its intention to terminate this Memorandum three months before its expiry.

Amendments to this Memorandum may be made at any time by mutual consent between the Contracting Parties.

Notwithstanding the termination of this Memorandum the activities already undertaken shall not be affected and continue until completed.

In witness whereof the undersigned being duly authorised thereto by their respective
Governments have signed this Memorandum.

Done at Tehran on 10 April 2001 in two originals, each in Hindi, Farsi and English languages, all texts being equally authentic. In case of doubt, the English text shall prevail.

II. Agreement on Trade and Economic Cooperation between the Government of Iran and the Government of India (April 10, 2001)

Preamble

The Government of the Islamic Republic of Iran and the Government of the Republic of India, hereinafter referred to as the Contracting Parties:

Mindful of the close, traditional and friendly relations between the two countries.

Desirous of further expanding, strengthening and diversifying the trade relations and economic cooperation between the two countries on the basis of equity, mutual respect and reciprocal benefits have agreed as follows:

Article 1: Scope of the Agreement

The Contracting Parties shall promote mutual trade and economic cooperation between their countries on a stable and long-term basis. The commercial exchanges between the Contracting Parties and contracts concluded between natural persons or legal entities of the Contracting Parties within the framework of this Agreement are subject to the laws, rules and regulations prevailing in the two countries and in accordance with international practices and at international prices. Neither Contracting Party shall be responsible for liabilities of the said natural and juridical persons arising from such commercial transactions.

Article 2: Tariff/Non-Tariff Measures

The Contracting Parties shall grant to each other treatment no less favourable than accorded to the like goods and commodities originating in or exported to any third country and vessels involved in carrying out these activities particularly relating to the following matters:

- Customs duties and charges of any kind including the method of levying such duties and charges imposed on or in connection with importation or exportation.
- Rules and formalities connected with customs clearance.
- The issuance of import and export licenses.
- Non-tariff measures as well as legitimate technical barriers to trade, such as quarantines, health and hygienic conditions and such similar matters.
- Merchant cargo-bearing vessels/cargo-bearing aeroplanes in respect of their entry into stay in and departure from the harbour/airport of the other party, in accordance with the laws, rules and regulations in force in the said other party.

Article 3: Trade Preferences

The provisions of Article 2 shall not apply to:

- Special preferences or other advantages accorded by either party resulting from its association in a regional or sub-regional arrangement, customs union or a free trade area or measures leading to a customs union or a free trade area.
- Tariff preferences or other advantages which either Contracting Party grants or may
grant to facilitate frontier/border traffic.

- Special tariff preferences or other advantages, which either party may grant to developing countries under any trade expansion or economic cooperation scheme of which the other party is not a member.

**Article 4: Re-Exportation to a Third Party**

The commodities/goods exchanged between the contracting parties might be re-exported to third countries, subject to the laws, rules and regulations prevailing in the two contracting parties.

**Article 5: The Issuance of the Certificate of Origin**

Each Contracting party shall in accordance with the rules of origin, provided for in the agreement on the Global System of Trade Preferences among Developing Countries (GSTP), take proper measures to issue certificate of origin for the commodities/goods exported to the other Contracting Party.

**Article 6: Standards**

The exchange of commodities/goods and services between the parties shall be in accordance with the standards agreed upon by the respective organization of the Contracting Parties.

**Article 7: System of Currency Receipt and Payment**

- All payments arising from trade between the two countries shall be made in freely convertible currencies, subject to foreign exchange regulations and other pertinent laws, rules and regulations effective in the respective countries.
- All trade transactions shall be carried out in conformity with the provisions of the ACU mechanism.

**Article 8: Expansion of Commercial Activities**

The Contracting parties, to expand and develop further the commercial activities between them, shall encourage and promote mutual economic and technological cooperation subject to the laws, rules and regulations of their respective countries including, inter-alia, the following:

- Cooperation in the fields of science and technology, tourism communication, training of personnel, and other similar areas of mutual interest;
- Mutual investments, including establishment of joint ventures in each other's territories, as well as in third countries;
- Mutual exchange of delegations, businessmen, close cooperation between the Chambers of Commerce of the two countries, direct business level contacts, use of trade mechanisms such as counter-trade and buy-back arrangements etc.
- Each Contracting Party shall encourage its commercial companies and institutions to participate in international/specific fairs held in the territory of the other Party.

**Article 9: Joint Commission**

The Indo-Iranian Joint Commission established in accordance with Article-I of the Agreement between the Contracting Parties signed at Tehran on 19th July 1983, shall continue to review issues, inter-alia, pertaining to the areas of cooperation covered by this Agreement and promote its implementation. The Sub-Commission dealing with trade and appointed in accordance with Article-III of the said Agreement of 19.7.1983 may hold its meetings as part of the Indo-Iranian Joint Commission or separately, if the urgency of certain mutual trade issues so demand, and the Joint Commission is not likely to meet at short notice.

The Sub-Commission will, however, meet as often as mutually considered necessary, but
shall to the extent possible, hold its meetings as part of the Joint Commission, either at Tehran or New Delhi. The Sub-Commission may invite, to such meetings as may be agreed upon, official and non-official experts and advisors of the two countries.

**Article 10: Settlement of Trade Disputes**

Disputes relating to trade between nations state corporations and private organisation/companies of both the contracting parties will be attempted to be resolved amicably through mutual discussions. However, if these cannot be resolved in a timely manner, either of the two parties in dispute shall be free to refer the matter to appropriate courts/forum in terms of the contract.

**Article 11: Consular Facilities**

The Contracting Parties in order to expand mutual trade relations agreed to provide consular facilities such as the grant of business visa and certification of commercial documents.

**Article 12: Customs Duties and Charges**

Customs duties and other dues shall be collected in accordance with the Agreement on the Global System of Trade Preference among Developing countries (GSTP).

**Article 13: Achievement of Balance in Commercial Exchanges/Transactions**

Each Contracting Party in order to attain a balanced trend in mutual trade exchanges shall satisfy as far as possible, its trade needs with the observance of the preferences under its laws and regulations from the other Contracting Party.

**Article 14: Establishment of Trade Office or Center**

In order to facilitate and develop the exchange of commodities/ goods, services and trade information between the Parties, each Contracting Party shall, on reciprocal basis, permit the other Party to establish a trade office or center in its territory, subject to its rules and regulations. The number of employees and the equipment and branches of the said office or centre shall be determined through the future agreement of the Contracting Parties.

**Article 15: Protection of Public Health and National Interests**

The provisions of the present Agreement shall not affect the rights of either party towards the imposition of any ban or restriction with regard to the protection of national interests, public morale and health and/or prevention of diseases, protection of animal life, plant life etc.

**Article 16: Duration of the Validity of the Agreement**

- The present Agreement shall come into force on the date of the last notification by one of the Contracting parties to the other indicating that it has complied with its constitutional requirements for entry into the force of the present Agreement. This Agreement shall remain in force for a period of five years. After the expiry of this period, it shall be automatically extended for successive one-year periods, unless either Contracting party notifies the other in writing six months prior to termination of relevant period that it does not intend to extend the Agreement.

- The provisions of this Agreement shall continue during the period of its validity and its termination shall not affect the commercial contracts, projects and other programmes concluded in conformity with the Agreement and already executed or in progress.

- This Agreement may be modified or amended by mutual consent.

- This Agreement supersedes and replaces Indo-Iranian Trade Agreement of 31st August 1974.

- This Agreement is written in three texts, in Hindi, Persian and English languages, all texts being equally authentic. In case of doubt, the interpretation of the English text
The Memorandum of Understanding is made between the Ministry of Science, Research & Technology of The Government of the Islamic Republic of Iran and Ministry of Information Technology of the Government of the Republic of India (hereinafter known as ‘the Parties’).

Desirous to cooperate in the field of Information Technology to mutual benefit based on the traditionally good relations between the two countries,

The Parties have agreed as follows:

Article 1
The Parties shall establish the Joint Working Group on Information Technology (hereinafter referred to as the Joint Working Group)

Article 2
The tasks of the Joint Working Group are to:

- Supervise and monitor the implementation of this Memorandum of Understanding
- Encourage cooperation in the field of Information Technology in private and public sectors
- Explore collaboration in Information and Software Technology Parks
- Exchange information on achievements/developments in Information Technology
- Cooperate in Human Resource Development in the areas of Software and Information Technology

Article 3
The Joint Working Group shall meet on a date and place mutually agreed upon through diplomatic channels with an agenda for discussions agreed in advance between the Parties. The parties shall cooperate in establishing a programme for the exchange of students, faculty and researchers in the field of Information Technology.

Article 4
The Parties shall encourage joint ventures in the field of Information Technology training among public and private enterprises of India and Iran.

Article 5
The Parties shall cooperate on mutually agreed upon terms and conditions for establishing joint software development and information technology companies in their respective countries with the purpose of exporting their products to third countries as also to meet the domestic needs.

Article 6
The Parties shall cooperate to conduct market research, on mutually agreed upon terms and conditions, on the potential of Information Technology in Iran.
IV. MoU on Technical Cooperation between the Government of Iran and the Government of India (April 10, 2001)

The Government of the Islamic Republic of Iran and the Government of the Republic of India, hereinafter referred to as “the Parties”,

Motivated by the desire to strengthen the traditional ties of friendship existing between both countries;

Conscious of their common interest in promoting and fostering technical cooperation, and the mutual advantage that would result from cooperation in fields of common interest;

Convinced of the importance of establishing mechanisms in order to contribute to the development of such cooperation, and the need for implementing technical cooperation programmes that have a significant impact on the economic and social development of their respective countries;

Have agreed as follows:

Article I
The Parties shall facilitate and promote, in conformity with the provisions of this Memorandum of Understanding, technical cooperation as specified in Article III of this MOU, as they may deem beneficial to their respective countries.

On the basis of this MOU, the Parties may enter into project arrangements for specific areas of technical cooperation.

Article II
In order to fulfil the objectives of this MOU, the Parties will jointly prepare technical programmes, taking into account the priorities of both countries in the sphere of their respective economic and social development plans and programmes. Each programme or project shall specify the areas, objectives, financial and technical resources as well as the time frame agreed upon; in addition, the obligations, including those pertaining to financial matters of each Party, shall be specified.

Article III
Technical cooperation between the Parties pursuant to this MOU may be effected through: deputation/secondment of experts; provision of short term training in technical institutions for upgrading professional skills; provision of consultancy services; conducting of feasibility studies; undertaking of joint projects; and any other arrangement agreed upon by the Parties.
Article IV
In order to ensure the proper implementation of this MOU and to review progress of decisions thereunder, the representatives of the Contracting Parties shall meet from time to time at places and on dates as mutually agreed upon.

Article V
Each contracting Party shall provide to the other Party’s personnel in its territory in connection with the execution of projects and programmes all the facilities necessary for their effective functioning in accordance with the rules and regulations pertaining to the Public Service applicable from time to time in the country of the receiving Party. This would include lodging, office accommodation, local transportation, medicare, etc. and facilities for their entry, stay in its territory and exit. Such personnel shall abide by the national regulations in force in the receiving country and shall not engage in any assignment other than their official ones without the prior authorisation of the host country.

Article VI
The Parties will grant to each other all administrative and fiscal facilities and exemptions necessary for the supply of equipment and materials to be used in the execution of projects in conformity with their respective national laws.

Article VII
The present Memorandum of Understanding shall enter into force on the date of its signing and shall remain in force unless either of the parties gives to the other a written notice six months in advance of its intention to terminate this Memorandum of Understanding.

This Memorandum of Understanding may be amended by mutual agreement in writing and the amendment agreed upon shall enter into force from the date mutually agreed upon.

Signed at Tehran on this 10th day of April Two thousand and one AD in two originals, each in Hindi, Farsi and English languages, all the texts being equally authentic. In case of doubt, the English text shall prevail.

V. Agreement on Customs Cooperation between the Customs Administration of the Government of Iran and the Central Board of Excise and Customs, Department of Revenue, Ministry of Finance, Government of India (April 10, 2001)

The Customs Administration of the Islamic Republic of Iran and the Central Board of Excise & Customs, Department of Revenue, Ministry of Finance, Government of the Republic of India (hereafter referred to as the Contracting Parties),

Considering that offences against Customs Laws are prejudicial to their economic, fiscal, social, cultural and commercial interests;

Considering the importance of accurate assessment of Customs duties and other taxes collected at importation or exportation and of ensuring proper enforcement of measures of prohibition, restriction and control;

Recognizing the need for international co-operation in matters related to the application and enforcement of their Customs laws;

Convinced that action against Customs offences can be made more effective by close co-operation between their Customs Administrations based on clear legal provisions;

Having regard to the relevant instruments of the Customs Co-operation Council, in
Having regard also to international Conventions containing prohibitions, restrictions and special measures of control in respect of specific goods; have agreed as follows:

Chapter I
Definitions: Article 1

For the purposes of this Bilateral Agreement:

- The term "Customs law" shall mean: the statutory and regulatory provisions concerning the importation, transhipment, transit, storage and exportation of goods, the administration and enforcement of which are specifically charged to the Customs Administrations, and any regulations made by the Customs Administrations under their statutory powers.

- The term "Customs Administration" shall mean: in the Republic of India, the Central Board of Excise & Customs, Department of Revenue, Ministry of Finance and in the Islamic Republic of Iran, the Customs Administration of the Islamic Republic of Iran.

- The term "Customs offence" shall mean: any breach or attempted breach of Customs law;

- The term "person" shall mean: either a physical human being or a legal entity;

- The term "personal data" shall mean: data concerning an identified or identifiable physical human being;

- The term "information" shall mean: any data, documents, reports, certified or authenticated copies thereof or other communications;

- The term "intelligence" shall mean: information which has been processed and/or analysed to provide an indication relevant to a Customs offence;

- The term "Requesting Administration" shall mean: the Customs Administration which requests assistance or receives such assistance;

- The term "Requested Administration" shall mean: the Customs Administration from which assistance is requested or which provides such assistance.

- The term "State" shall mean: the Republic of India and the Islamic Republic of Iran.

Chapter II
Scope of the Agreement: Article 2

- The Customs Administrations will afford each other administrative assistance under the terms set out in this Agreement for the proper application of Customs law for the purpose of facilitating trade and for the prevention, investigation, prosecution and combating of Customs offences in relation to the movement of goods and persons between the two States.

- The Customs Administrations may provide each other assistance in the development of human resources of each other.

- All assistance under this Agreement by either Customs Administration will be performed in accordance with its normal legal and administrative provisions and within the limits of the Customs Administration's competence and available resources.

- This Agreement is intended solely for the mutual administrative assistance between the Customs Administrations. The provisions of this Agreement shall not give rise to a right on the part of any private person to obtain, suppress or exclude any evidence
or to impede the execution of a request.

Chapter III
Scope of Assistance: Article 3

- The Customs Administrations shall provide each other, either on request or on their own initiative, with information and intelligence which helps to ensure proper application of the Customs law and the prevention, investigation, prosecution and combating of Customs offences in relation to the movement of goods and persons between the two States.

- Either Customs Administration will, in making enquiries on behalf of the other Customs Administration, act as if they were being made on its own account or at the request of another authority in the jurisdiction of that Customs Administration.

- The Requested Administration, upon request, may, subject to availability of resources and in accordance with the mutually agreed terms and conditions, provide assistance in the development of human resources of the Requesting Administration.

Article 4

- On request, the Requested Administration will provide all information about the Customs law and procedures, applicable in its jurisdiction and relevant to enquiries relating to a Customs offence.

- Either Customs Administration shall communicate, either on request or on its own initiative, any available information relating to:
  
  - new Customs law enforcement techniques having proved their effectiveness.
  - new trends, means or methods of committing Customs offences.
  - the entry into and exit from its jurisdiction, of particular persons known to be or suspected of having contravened the Customs law of the Requesting Administration.
  - value of exported goods.
  - determination of the origin and Tariff number of export goods.

- On request, the Requested Administration will, without delay, provide any available information: contained in Customs documents relating to the movement of goods between the two Customs jurisdictions, which may be involved or suspected to be involved in a Customs offence according to the Customs law of the Requesting Administration,
  
  - enabling false declarations to be detected, in particular with regard to Customs value,
  - concerning certificates of origin, invoices, or other documents, known to be or suspected of being false, and
  - concerning the authenticity of any official document produced in support of a declaration made to the Requesting Administration.

Chapter IV
Special Instances of Assistance: Article 5

On request, the Requested Administration will in particular provide the Requesting Administration with the following information:

- whether goods which are imported into the Customs territory of the Requesting Administration have been lawfully exported from the Customs territory of the Requested Administration.

- whether goods which are exported from the Customs territory of the Requesting
Administration have been lawfully imported into the Customs territory of the Requested Administration and about the Customs procedure if any under which the goods have been placed.

Article 6
On request, the Requested Administration shall, in scope of its competence, provide information and intelligence on, and maintain special surveillance over:

- particular persons known to the Requesting Administration to have committed a Customs offence or suspected of doing so particularly those moving into and out of the territory of the Requested Administration.

- goods either in transport or in storage notified by the Requested Administration as giving rise to suspected illicit traffic towards the Customs territory of the Requesting Administration.

- means of transport suspected by the Requesting Administration of being used to commit Customs offences in the Customs territory of either Customs Administration.

- premises suspected by the Requesting Administration of being used to commit Customs offences in the Customs territory of either Customs Administration.

Article 7

- The Customs Administrations will provide each other, either on request or on their own initiative, with information and intelligence on transactions, completed or planned, which constitute or appear to constitute a Customs offence.

- In serious cases that could involve substantial damage to the economy, public health, public security or any other vital interest of a Customs Administration, the other Customs Administration will, wherever possible, supply information and intelligence on its own initiative.

Chapter V

Information and Intelligence － Article 8

- Original information will only be requested in cases where certified or authenticated copies would be insufficient, and shall be returned as soon as possible; rights of the Requested Administration or of third parties relating thereto shall remain unaffected.

- Any information and intelligence to be exchanged under this Agreement shall be accompanied by all relevant information for interpreting or utilizing it.

- The documents provided for in this Agreement may be replaced by computerised information provided in any form for the same purpose. All relevant information for interpretation or utilisation of the material will be supplied at the same time.

Chapter VI

Experts and Witnesses － Article 9

- On request, the Requested Administration may authorise its officials to appear before a Court or Tribunal in the Requesting Administration as experts or witnesses in the matter of a Customs offence, and to produce such files, documents or other materials or authenticated copies thereof, as may be considered essential for the proceedings.

- The Requesting Administrations would ensure complete safety and security of the officials of the Requested Administration, when present in the Customs jurisdiction of the Requesting administration, as experts or witnesses.

- In so far as witnesses are concerned, the provisions stated in clauses 1 and 2 above, shall be applicable only in such cases where the Requesting Administration is the
Chapter VII
Communication of Requests — Article 10

Assistance under this Agreement will be exchanged directly between the Customs Administrations.

Requests for assistance under this Agreement shall be made in writing and shall be accompanied by any documents deemed useful. When the circumstances so require, requests may also be made verbally. Such requests shall be promptly confirmed in writing.

Requests made pursuant to Article 2 of this Article, shall include the following details:
1. the administration making the request;
2. subject of and reason for the request;
3. a brief description of the matter, the legal elements and the nature of the proceeding;
4. the names and addresses of the parties concerned with the proceeding, if known;
5. the connection between the assistance sought and the matter to which it relates.

A request by either Customs Administration that a certain procedure be followed, shall be complied with, subject to the national legal and administrative provisions of the Requested Administration.

The information and intelligence referred to in this Agreement shall be communicated to officials who are specially designated for this purpose by each Customs Administration. A list of officials so designated will be furnished by each Customs Administration in accordance with clause 2 of Article 17 of this Agreement.

Chapter VIII
Execution of Requests — Article 11

If the Requested Administration does not have the information requested, it shall in accordance with its national legal and administrative provisions, either:
1. initiate inquiries to obtain that information; or
2. promptly transmit the request to the appropriate agency; or
3. indicate which relevant authorities are concerned.

Any enquiry under clause 1 of this Article may include the taking of statements from persons from whom information is sought in connection with a Customs offence and from experts or witnesses.

Article 12

On written request, officials specially designated by the Requesting Administration may, with the authorisation of the Requested Administration and subject to conditions the latter may impose, for the purpose of investigating a Customs offence:
1. consult, with the officials of the Requested Administration the documents, registers and other relevant data relevant in respect of that Customs offence.
2. take copies of the documents, registers and other data relevant in respect of the Customs offence.
3. be present during an enquiry conducted by the Requested Administration in its Customs jurisdiction.
When officials of the Requesting Administration are present in the Customs jurisdiction of the other Customs Administration in the circumstances provided for in clause 1, they should, at all times, be able to furnish proof of their official capacity. They will, while there, enjoy the same protection as that accorded to Customs Officials of the Requested Administration, and be responsible for any offence they might commit.

Chapter IX
Confidentiality of Information

Article 13

- Any information or intelligence received within the framework of administrative assistance under this Agreement shall be used solely for the purposes of this Agreement and by the Customs Administrations, except in cases in which the Customs Administration furnishing such information has expressly approved its use for other purposes or by other authorities.

- Any information or intelligence received under this Agreement will be treated as confidential and will at least be subject to the same protection and confidentiality as the same kind of information or intelligence is subject to under the domestic laws of the Customs jurisdiction where it is received.

Article 14

Where personal data are exchanged under this Agreement, the Customs Administrations will ensure that these are used only for the purposes indicated and according to any conditions the Requested Administration may impose.

Chapter X
Exemptions: Article 15

- In cases where assistance under this Agreement would infringe upon the sovereignty, security, public policy or substantive interest of a Customs Administration or would be inconsistent with its national legal and administrative provisions, assistance may be refused.

- If the Requesting Administration would be unable to comply if a similar request were made by the Requested Administration, it shall draw attention to that fact in its request. Compliance with such a request shall be at the discretion of the Requested Administration.

- Assistance may be postponed by the Requested Administration on the ground that it will interfere with an ongoing investigation, prosecution or proceeding. In such a case, the Requested Administration shall consult with the Requesting Administration to determine if assistance can be given subject to such terms or conditions as the Requested Administration may require.

- Where assistance is denied or postponed, reasons for the denial or postponement shall be given.

Chapter XI
Costs: Article 16

- The Customs Administrations shall waive all claims for reimbursement of costs incurred in the execution of this Agreement, except for expenses and allowances paid to experts and to witnesses as well as costs of translators and interpreters other than Government employees, which shall be borne by the Requesting Administration.

- If expenses of a substantial and extraordinary nature are or will be required to execute
the request, the Customs Administrations shall consult to determine the terms and conditions under which the request shall be executed as well as the manner in which the costs shall be borne.

Chapter XII
Implementation of the Agreement: Article 17

- The Customs Administrations shall take measures so that their officials responsible for the investigation or combating of customs offences maintain direct relations with each other.
- The Customs Administrations shall decide on detailed arrangements to facilitate the implementation of this Agreement.
- The Customs Administrations shall endeavour to resolve by mutual accord any problem or doubt arising from the interpretation or application of this Agreement.
- Conflicts for which no solutions are found shall be settled through diplomatic channels.

Chapter XIII
Application: Article 18

This Agreement will be applicable to the territories of both Customs Administrations as defined in their national legal and administrative provisions.

Chapter XIV
Entry into Force and Termination: Article 19

This Agreement shall enter into force on the first day of the second month after the Contracting Parties have notified each other in writing through diplomatic channels that the constitutional or internal requirements for the entry into force of this Agreement have been met.

Article 20

- This Agreement is intended to be of unlimited duration but either Contracting Parties may terminate it any time by information through diplomatic channels.
- The termination shall take effect three months from the date of the notification of denunciation to the other Contracting Parties. Ongoing proceedings at the time of termination will nonetheless be completed in accordance with the provisions of this Agreement.

Article 21

The Customs Administrations will meet in order to review this Agreement on request or at the end of five years from the date of its coming into operation, unless they notify one another in writing that no such review is necessary.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto have signed this Agreement

DONE at Tehran on the 10th day of April, 2001 in duplicate in the Hindi, Farsi, and English languages, all the texts being equally authentic. In the case of divergence in interpretation and implementation of the provisions thereof, the English version shall prevail.
THE NEW DELHI DECLARATION, JANUARY 25, 2003

Vision of a strategic Partnership for a more stable, secure and prosperous region and for enhanced regional and global cooperation.

The Republic of India and the Islamic Republic of Iran:

Conscious of the vast potential in the political, economic, transit, transport, energy, industries, science and technology and agricultural fields and of the benefits of cooperative endeavour,

Determined to build a strong, modern, contemporary and cooperative relationship that draws upon their historical and age-old cultural ties, the advantage of geographical proximity, and that responds to the needs of an inter-dependent world of the 21st Century,

Aware that their strengthened bilateral relations also contribute to regional cooperation, peace, prosperity and stability,

Recalling and reaffirming the Tehran Declaration issued on April 10, 2001 jointly by H.E. Shri A.B. Vajpayee, Prime Minister of India and H.E. Hojjatoleslam Seyyed Mohammad Khatami, President of the Islamic Republic of Iran, which resulted in further strengthening of dialogue aimed at strategic cooperation.

Declare as follows:

• International developments since the adoption of the Tehran Declaration have reinforced their faith in and reconfirmed the values of pluralism, diversity and tolerance within and between societies.

• International peace and stability, harmony between different religions, ethnic and linguistic groups, cultures and social systems can best be promoted through dialogue and acceptance of the right to one’s own beliefs and values expressed and exercised without injury or slight to those of others and without a desire to impose them on others. In this context, they positively assessed the contribution made by the concept of Dialogue Among Civilizations to address discord and differences in international relations.

• They evaluate positively the consolidation of Indo-Iranian bilateral relations since the Tehran Declaration. Meetings of the Joint Commission, the Strategic Dialogue, interaction between the Security Councils of the two countries, discussions on energy and security, and cooperation based on existing complementarities and diverse possibilities, including supplies, exploration, investment, exchange of technical expertise, and other interaction at government and private sector levels have all contributed to deepening of mutual understanding and confidence, which has provided, in turn, the basis for further consolidation.

• The two sides welcome the fresh impetus given to Science and Technology cooperation as also to cooperation in education and training since last year. They also note the potential of technologies, such as IT, to improve the lives of people in developing societies and agree to promote cooperation efforts to exploit this potential. They agree to promote fuller utilization of available capabilities for human resource development.

• The two sides affirm that their growing strategic convergence needs to be underpinned with a strong economic relationship, including greater trade and investment flows. The Ministerial-level Joint Commission, the Joint Business Council and economic and commercial agreements signed recently in this regard will play a
critical role in this regard. They exhort the entrepreneurs in both countries to harness each other’s strengths for mutual benefit and promote the process of economic rapprochement actively, including through expert studies on trade and investment facilitation, holding of exhibitions and seminars, promotion of business travel, and joint ventures.

They note that the enabling legislations to promote vigorous trade and economic exchanges are primary requirements to promote business confidence between the entrepreneurs of the two countries. Many arrangements have already been concluded in this field. To consolidate the bilateral business environment further, they agree on the need to undertake expeditious negotiations, inter alia, for the conclusion of the Bilateral Investment Promotion and Protection Agreement, Double Taxation Avoidance Agreement and MoU on Energy Cooperation.

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.

They also decided to explore opportunities for cooperation in defence in agreed areas, including training and exchange of visits.

They agreed to explore mechanisms to preserve and maintain the common cultural heritage, rooted in history, of the two countries. As part of efforts dedicated to preservation of this heritage, they agreed to release a commemorative postage stamp.

Terrorism continues to pose serious a threat to nation States and international peace and security and should be eradicated. States that aid, abet and directly support international terrorism should be condemned. The international community should intensify its efforts to combat the menace of terrorism. They reiterate their resolve to strengthen the international consensus and legal regimes against terrorism, including early finalization of a Comprehensive Convention against International Terrorism. They agree that the combat against international terrorism should not be selective or based on double standards. Iran and India agree to continue joint cooperation to address the issues of international terrorism and trafficking in narcotic and psychotropic substances.

Both sides stressed that the interests of peace and stability in the region are best served by a strong, united, prosperous and independent Afghanistan. They assess highly the past and continuing cooperation between India and Iran in support of a united, sovereign and independent Afghanistan. They urge the international community to remain committed on long-term basis to the reconstruction and development of Afghanistan, to controlling re-emergence of terrorist forces, and spread of narcotics from Afghanistan. They agree that stability of Afghanistan is vital for the stability of the region. The recent trilateral agreement between the Governments of India, Iran and Afghanistan to develop the Chahbahar route through Melak, Zaranj and Delaram would facilitate regional trade and transit, including to Afghanistan and Central Asia, contributing thus to enhanced regional economic prosperity.

The two sides note with satisfaction the operationalisation of the North South transit arrangement and the growing interest among other States in the region to participate in it. They reaffirm their commitment to develop the full potential of the North South arrangement, its infrastructure, desired certification and customs harmonization, expert studies and regular evaluation to aid its growth.

India and Iran support efforts to resolve the situation relating to Iraq peacefully.
through political and diplomatic means under the auspices of the United Nations.

The two sides reiterated their commitment to commence multi-lateral negotiations for nuclear disarmament under effective international control. They expressed their concern about restrictions imposed on the export of materials, technology and equipment to developing countries and acknowledged the right of these countries to research, production and use of technology, material and equipment for peaceful purposes.

The two countries are resolved to exploit the full potential of the bilateral relationship in the interest of the people of the two countries and of regional peace and stability, and recognizing that the 21st Century holds unbound promises of welfare and progress through peaceful application of science and technology, promoting knowledge based societies, and tackling fundamental problems such as disease, hunger and environmental degradation.

They directed that a time bound framework be worked out in agreed areas of cooperation, through the existing mechanisms of Joint Commission and Joint Working Groups, so that a firm and substantial economic and political underpinning would be provided for a strategic and long-term orientation to the bilateral relationship.

Signed on the 25th Day of January 2003 at New Delhi in two originals, each in Hindi, Persian and English languages.

Documents signed between Iran and India, January 25, 2003, New Delhi, India

The New Delhi Declaration: The declaration is signed by Prime Minister and President Khatami. The Declaration puts forth the vision of strategic partnership between India and Iran for a more stable, secure and prosperous region and for enhanced regional and global cooperation.

It touches all aspects of bilateral cooperation – bilateral economic cooperation, cooperation in the field of hydrocarbons, science and technology, information technology, education and training, India-Iran cooperation in reconstruction of Afghanistan, international terrorism, and other global issues.

India and Iran agree that combat against international terrorism should not be based upon double standards. States that aid, abet and directly support international terrorism should be condemned. They reiterate their resolve to work for an early finalization of a Comprehensive Convention against International Terrorism. India and Iran support a united and sovereign Afghanistan and call on the international community to remain committed towards reconstruction and development of Afghanistan. India and Iran also agree that situation relating to Iraq should be resolved peacefully under the auspices of the UN. The two sides reiterated their commitment to commence multi-lateral negotiations for nuclear disarmament under effective international control.

The two sides recognize that their growing strategic convergence needs to be underpinned with a strong economic relationship. The sides call upon the business communities of the two countries to harness each other's strength for mutual benefit and promote bilateral trade and investment. Energy sector has been identified as a strategic area of their future relationship in which the interests of India and Iran complement each other. The areas of cooperation include upstream and downstream activities in hydrocarbon sector and working upon secure modes of transport of energy. India and Iran also agreed to explore opportunities for cooperation in defence in agreed areas, including training and exchange of visits. India and Iran would also
issue a joint commemorative stamp dedicated to their common cultural heritage. The emphasis of the Declaration is on building up a contemporary relationship between India and Iran in the context of challenges of the modern world and drawing upon their historical relationship and interactions.

MoU between the Government of India and the Government of Iran on Road Map to Strategic Cooperation

The MoU is signed by Shri Yashwant Sinha, External Affairs Minister from the Indian side and Dr. Kamal Kharrazi, Foreign Minister from the Iranian side. Following from the vision for a strategic partnership embodied in the New Delhi Declaration, this MoU sets a five-year target oriented framework for milestones towards the strategic partnership. The two sides have agreed to work through the existing frameworks and mechanisms where they exist and to create additional ones where necessary, to achieve mutually identified targets in various areas of bilateral cooperation within clear time frames. Political dialogue and modalities of cooperation on issues of strategic significance would be promoted through the mechanisms of Strategic Dialogue, Foreign Office Consultations and the institutional interactions between the National Security Councils of the two countries.

Among significant areas of bilateral cooperation, in the field of Oil and Gas, the two sides would formulate a joint mechanism to promote broad-based cooperation, including promoting project participation in Iran in upstream and downstream industries. The matters relating to transfer of Iranian gas to India would continued to be discussed under the existing Joint Committee for this purpose. India and Iran also agree to explore opportunities for cooperation in defence in agreed areas, including training and exchange of visits. They declare that India-Iran defence cooperation is not aimed against any third country.

The two sides would also make concerted efforts to encourage bilateral trade and economic cooperation. This would also involve boosting non-oil trade and investment in infrastructure projects including in the ongoing discussions between India and Iran to develop Chahbahar port complex, Chahbahar-Fahraj-Bam railway link and Marine Oil Tanking terminal at an agreed location, as well as Iranian interests to invest and participate in infrastructure projects in India.

Agreement between the Government of India and the Government of Iran on Cooperation in the fields of Science and Technology

The nodal ministries are the Ministry of Science and Technology from the Indian side and the Ministry of Science, Research and Technology of Iran. The Agreement is signed by Dr. Murli Manohar Joshi, Minister of Science, Research and Technology of India and Dr. Mostafa Moeen, Minister of Science, Research and Technology of Iran. The Agreement identifies diverse fields of cooperation including information technology, biotechnology, pharmaceutical research, food technology and other fields as mutually agreed upon. The two sides would organize training programmes, research, exchange of scientists and scholars and hold seminars and workshops etc. The Agreement is expected to strengthen cooperation between the scientific institutions and scholars of the two countries. The Agreement would be valid for five years with provision of further automatic extension for similar periods.
**MoU between the Ministry of Labour (Government of India) and the Ministry of Labour and Social Affairs (Government of Iran) on cooperation in Vocational Training**

The MoU has been finalized on the basis of discussions held during the visit of Union Minister of Labour to Iran from January 8-12, 2003. The MoU is signed by Union Labour Minister Dr. Sahib Singh and Dr. Kamal Kharrazi, Foreign Minister from the Iranian side. The two sides have agreed to mutual cooperation in the field of training and skill enhancement of the workers and exchange experience in this regard. Specific programmes of cooperation would be developed as follow up to the signing of the MoU.

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**Executive Programme of Cultural Exchange between the Government of India and the Government of Iran for the years 2003-2005**

Nodal ministries from both sides are Department of Culture, Ministry of Tourism and Culture and Ministry of Culture and Islamic Guidance from the Iranian side. The Cultural Exchange Programme 2003-2005 encompasses the fields of Art and Culture, Radio, Television, Press and Films and Sports. The emphasis is to promote exchanges between leading cultural institutes, libraries, media persons and films, sports organizations and participation of teams from the two sides in each other's sport tournaments. Translation in each other's languages of literary works from the two countries are also included. Exchanges also include joint participation of children and teenagers in activities like paintings and other creative works. The Cultural Exchange Programme is expected to strengthen friendship and cultural bonds between the two countries.

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**MoU between India and Iran on Cooperation in Urban Water Management and Hydrological Studies**

The MoU is concluded on the basis of discussions held between the Ministry of Water Resources from the Indian side and the Ministry of Water Affairs from the Iranian side. Under the MoU, the bilateral cooperation would be directed towards the activities of the Regional Centre on Urban Water Management (RCUWM), Tehran established under the auspices of the United Nations Educational, Scientific and Cultural Organization (UNESCO). The two sides have agreed to cooperate, exchange experience and organize training and seminars of experts in the field of Urban Water Management and Hydrological Studies. The programme would follow the framework of the 6th International Hydrological Programme charted by the UNESCO. The two sides will establish a Joint Committee for this purpose to implement the programme and hold regular meetings.

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**Framework Agreement between Export Import Bank of India and seven Iranian banks to operationalize USD 200 million line of credit to Iran**

The Framework Agreement to operationalize the USD 200 million line of credit to Iran is aimed at encouraging India's exports to Iran, particularly India's participation in Iran's infrastructure projects. Exim Bank is the designated bank from the Indian side to extend the line of credit. Exim Bank (the provider of facility) and the seven Iranian designated banks (the issuing banks), viz. Bank Mellat, Bank Melli Iran, Bank Saderat Iran, Bank Sepah, Bank Tejarat, Bank of Industry and Mine and Export Development Bank of Iran have entered into the Framework Agreement. Under the terms and conditions agreed upon, the Exim Bank would finance up to 85% of the purchase price of capital goods and related services within the limit of the total amount of the line of credit. The line of credit arrangement would facilitate
availability of supplier credit and would strengthen trade and economic cooperation between India and Iran.

MoU between the Ministry of Petroleum and Natural Gas (Government of India) and Ministry of Petroleum (Government of Iran)

The MoU was signed by Shri Ram Naik, Union Minister of Petroleum and Natural Gas and Dr. Kamal Kharrazi, Foreign Minister from the Iranian side. The objective of the MoU is to establish a general framework to implement actions of cooperation of mutual interest in hydrocarbon sector. The two sides would cooperate in India and Iran in hydrocarbon sector resources including petrochemicals, liquid and gas hydrocarbons and their derivatives, R&D, consultancy services, HRD, exploration, development, production and also processing, refining, marketing and transportation of hydrocarbons, including gas, LNG, CNG. The Indian side would support its oil and gas Public Sector Units and private companies to participate in the development of LNG projects in Iran and to purchase of LNG from Iran at competitive prices at mutually agreed commercial terms. For this purpose Indian Minister of Petroleum and Natural Gas would visit Iran within next three months. India and Iran would set up a Joint Working Group to implement cooperation under the MoU.