

COMMENTARY

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Iran Nuclear Deal:

India Needs a Sherpa to Harness the Most of It

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The US government announced that a wide range of economic, fiscal and trade sanctions imposed on Iran for its decade-long nuclear transgressions had been lifted. US President Barack Obama reiterated that the IAEA had confirmed Teheran's compliance with its 'roll-back' commitments, which had been agreed to in July 2014 after protracted negotiations between Iran and the US-led P5+1.

This complex modus vivendi between the US and Iran marks a significant rapprochement – however nascent and limited – between the two countries which have a history of bitter hostility since 1979 when the Shah of Iran was overthrown by a Shia theocracy. The US was long seen as the enemy of the Iranian people for its dubious role in thwarting democracy in Iran in 1953 – and the label of the 'Great Satan' has since been accorded to Washington.

Uncle Sam's Equation with Iran

The flip side – the US projected Iran as a major threat to regional peace and stability and enabled Baghdad under President Saddam Hussein to wage a murderous war of attrition against Iran that included the use of chemical weapons.

However the January 1990 US-led war against Kuwait and its subsequent military campaign against Iraq in 2003 for its purported WMD transgressions led to a radical regional strategic re-arrangement. This ultimately proved to be advantageous to the Ayatollah-led Tehran.

In one of those paradoxes of ill-advised pol-mil certitude that has long term disastrous consequences – the current blood-bath in Syria is but one example – US President George Bush toppled the Saddam Hussein regime with tragic consequences for the stability of Iraq, thereby making Iran the ultimate strategic winner in the region.

Tehran Has New Friends

The current development wherein most US mandated sanctions have been lifted will benefit Iran in a visible manner and billions of US dollars that have been frozen will be returned to Tehran. Many nations that were earlier forbidden to trade with Iran are now eager to engage with the ‘prodigal’ as it were and India can also expect to have a more robust trade and economic engagement with Tehran.

Iran is a major energy supplier for India and it is expected that Tehran will gradually increase its oil production by 500,000 barrels per day over the next six months. Ironically this will add to the prevailing oil glut in the market when the barrel is currently hovering at US\$ 28. Indian payments to Iran (in excess of US\$ 6 billion) that have been blocked for years can now be remitted and this fiscal infusion will hopefully lubricate commercial activities.

Strategic Opportunity for India

Iran is in urgent need of a major infrastructure revamp in almost every sector and one recalls visiting Tehran a few years ago – and the bleak picture that the near empty airport presented and the many dust-laden aircraft that were parked – awaiting repair and replacement of parts.

The strategic opportunities for India go beyond the immediate availability of more oil at lower prices. The inexorable hydrocarbon energy trend line of the last century is the shift from solid (coal) to liquid (crude oil) and now to natural gas. One may aver that the geo-politics and geo-economics of the 21st century will be shaped by gas, in as much as the 20th was influenced by oil – and the 19th by coal.

Iran has the world’s second largest natural gas reserves – and with appropriate introduction of technology in the exploration sector, it is likely that this estimate will be revised upwards. India has engaged in what may be best described as timid, tactical negotiations with Tehran over gas supplies and this is an area that warrants the highest attention to scale up India’s energy supplies for the long term. Leveraging India’s formidable hydrocarbon buyer status will call for an innovative energy strategy wherein India’s vast need for fertilizers will also be enabled – thereby giving a fillip to the agricultural sector.

Impact on India's Ties with Pakistan and Afghanistan

The other area that is of considerable strategic import is the Chabahar port in Iran which is located about 70 km west of the Gwadar port in Pakistan. Since NDA I, India has been looking at this port as an alternate link to Iran, Afghanistan and Central Asia that will by-pass Pakistan. Delhi has also invested in the Delaram-Zaranj road link. This road in Afghanistan's Delaram district connects to northern Iran and a high-density road-rail connectivity has been envisaged from Chabahar.

This port has considerable strategic potential for India to enhance its maritime foot-print in the Arabian Sea and beyond towards the Hormuz. Much will depend on the perspicacity that Iran and India can afford to bear in this domain.

Gradual return of Iran to the regional strategic and security fold will also have a non-linear but considerable impact on how India deals with Afghanistan and Pakistan. However all these issues will also be influenced by the adversarial Saudi-Iran relationship which can result in a sectarian fallout in the Islamic world.

Iran being re-admitted into the regional tent, albeit with certain constraints, opens up many opportunities and challenges for Delhi. The Modi government would be well-advised to appoint an Iran-specific Sherpa who can empathize with the troubled theological underpinning of a ruling elite, an inheritor of the chequered history of ancient Persia – with its mix of aspirations and deeply embedded anxieties.

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