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### **India's belated wisdom on Iranian oil**

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**F**or a change the Indian Government is being loud and clear. Speaking to reporters during his two-day visit seeking American investments, Finance Minister Pranab Mukherjee was categorical: "It is not possible for India to take any decision to reduce the imports from Iran drastically, because among the countries which can provide the requirement of the emerging economies, Iran is an important country amongst them."

The trouble-shooter of the beleaguered UPA government went on to add: "Some other countries, Saudi Arabia, Nigeria, the other Gulf countries they also contribute but Iran contributes substantially ... We (India) import 110 million tons of crude per year. We will not decrease imports from Iran. Iran is an important country for India despite US and European sanctions on Iran." Tough words, that too in Chicago.

If this firmness is maintained, then it is a welcome departure from the wobbling that has become all too familiar in India's policy towards Iran, especially since the visit of US Secretary of State Condoleezza Rice in March 2005. In a matter of fact manner, Ms. Rice informed the Indian media that the US had "communicated to the Indian government [its] concerns about gas pipeline cooperation between Iran and India." She went on to add: "... we not only expressed our concerns to India but told Japan to stop [a] gas project with Iran."

Following the meeting with then Foreign Minister Natwar Singh, Ms. Rice repeated them in public: "Our Ambassador [to India] has made statements in that regard. So, those concerns are well known to India. We need to look at the broader question of how India meets its energy needs over the next several decades ... we believe that a broad energy dialogue should be launched with India because the needs are there."

These public warnings of Ms. Rice came more than six months before the fiasco at the International Atomic Energy Agency (IAEA) in September 2005 that saw India voting against Tehran at the very last moment. Indeed it even preceded the visit of Prime Minister Manmohan Singh and signing of the civilian nuclear deal with the US in July 2005.

Unfortunately, not many in India took Ms. Rice's March 2005 warnings seriously. Defiance was the order of the day and the government was urged to 'stand up' and pursue an 'independence' foreign policy. Not just former diplomat and Oil Minister Mr. Mani Shankar Aiyar even the mainstream media joined the chorus. In the words of one, "India and Iran are close friends and do not need the benediction of the US to do business with each other. The peace pipeline must proceed and New Delhi must let Washington know where it gets off." Irrational defiance is often suicidal and India found that out soon.

Both in public and in private, Indian officials spoke of civilizational ties with Iran and energy security. For the first time in India, just days before the IAEA vote Prime Minister Singh openly spoke of the role played by the domestic Shi'a population in its decision on Iran. At the critical moment, apparently without much internal discussions or consultations, India sided with the US and voted against Iran.

The vote was logical. By 2005 there were growing international concerns over the peaceful nature of the Iranian nuclear programme. As Prime Minister Singh subsequently admitted nuclear Iran does not serve India's national interests. It was a sensible and rationale vote but badly managed and poorly executed. By changing its decision at the very last moment and without any rational explanation, it pleased neither party; while Tehran fumed over the betrayal, it lost leverage vis-à-vis Washington. India was, thus, vilified not just by Iran but also many within the country. This vote eventually contributed to the Left parties pulling out of the UPA government in July 2008.

Despite its earlier defiance, reeling under continuous US pressure, India quietly buried the pipeline project. It was never officially called off but got bogged down as price disputes and security concerns which made the project a non-starter in the 1990s returned with a vengeance. The Iran-Pakistan-India tripartite talks became a farce and the other two countries went on to sign a bilateral agreement with a possible option to extend the pipeline to China. Similarly, the LNG deal became stuck over technology. Since late 2010, India's oil payments to Iran also became problematic due to American sanctions.

Both the vote and the manner in which it was done, undoubtedly angered Iran and contributed to some tensions in the bilateral relations. China and Russia also sided with the US over the nuclear controversy. As both are permanent members of the UN Security Council the Iranian options were limited and it was grateful for their limited support in diluting the US-sponsored sanctions in the UNSC. The Indian case is different. It has a vibrant and at times noisy opposition that questioned and challenged the official stand on Iran.

None disputes Iran's importance to India's energy security. The issue was linking that to the nuclear controversy. The energy ties vis-à-vis Iran should not have prevented New Delhi from stating its disagreements on the nuclear controversy; more so, when there is an overwhelming international consensus. Between September 2005 and December 2011, for example, the IAEA adopted four resolutions against Iran while the UNSC adopted as many as seven resolutions, most of them unanimously. India cannot remain oblivious to growing Iranian isolation on the nuclear issue.

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By firmly stating, and hopefully following on, its decision to continue oil imports from Iran, New Delhi is marking a new phase. Continued import of oil is not a favour to Iran. Coming against the backdrop of European decision to stop oil imports from July this decision should give New Delhi some diplomatic leverage. For India energy security means assured supplies at affordable price and for Iran it means stable and guaranteed market for its oil exports. By standing by Iran over the oil issue, New Delhi can also try and moderate Tehran's confrontation over the nuclear issue. Will our leaders stand up to the test or once again wilt under new American pressures?

**Note:** An earlier version of the article was originally published in *The Pioneer* on 9 February 2012. Web Link:

<http://www.dailypioneer.com/columnists/item/51028-from-waffle-to-wisdom.html>

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