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India's Iran Defiance

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Much to American anger and displeasure, India is in no mood to reduce its energy ties with Iran. Let us say that the Indian policy makers are cognizant of some of the critical facts concerning Iran.

- *That the international community has serious misgivings about the peaceful intentions of the Iranian nuclear programme.
- That India is formally opposed to a nuclear Iran.
- That under American sanctions, in December 2010 India had to terminate the Asian Customs Union (ACU) arrangement to pay for its oil imports from Iran.
- That alternative payment arrangements through Germany, Turkey and the UAE were unsuccessful, finally forcing India and Iran to settle for partial rupee payment for oil imports.
- That the rupee payment arrangement covers only 45 percent of the oil bill because the trade balance is highly in favour of Iran.
- That State-own Shipping Corporation India has refused to ship crude from Iran because it could not find the necessary insurance cover.
- That there are growing concerns over a possible Israeli military strike against Iranian nuclear installations.
- That India would have learned some lessons from the September 2005 fiasco over the IAEA vote. Not only its anti-Iranian vote was a last minute decision, the manner in which it executed and explained its vote clearly revealed that New

Delhi acted under pressure from Washington. This inept handling angered Tehran and displeased Washington.

- That the statement issued by the Indian Embassy that interested parties are ‘misrepresentation the fact’ about oil imports comes against the background of a visit of an economic delegation to Iran to intensify economic cooperation.
- That from March 17, the SWIFT (Society for Worldwide Interbank Financial Telecommunication), which manages international financial transactions would sever its links to Iran thereby blocking any wire transactions to and from 25 Iranian banks.

If these are not sufficient, the Delhi police sought and secured open arrest warrants against three Iranian citizens for their suspected involvement in the terror attack against the Israeli embassy vehicle in New Delhi on 13 February. Despite these rather obvious facts, India has been indicating its resolve to maintain, continue and even intensify energy and economic relations with Tehran. What does it tell us?

One, Iran is a complex foreign policy decision. Pursuing closer bilateral ties with Tehran will have to be worked out in tandem with the Indian desire to befriend a number of other players in the Middle East who have tough problems and reservations vis-à-vis Tehran. The Indian desire of not getting involved in their bilateral problems with Iran is understandable but does not guarantee immunity from such tensions. Like in the case of individuals, inter-state relations also affect innocent third parties.

Two, Iran has been an obsession in Washington circles since 1979. From the time of Ronald Reagan, no American President has evolved a coherent and workable policy towards the Islamic Republic. Democrats and Republicans alike have oscillated between containment and engagement, with neither policy pursued consistently or effectively. Since the days of the Islamic revolution, the Republicans were at the helm of affairs for 20 long years and the Democrats for 12. Yet, as the US presidential race gets closer, every Republican aspirant is vilifying President Barack Obama for not adopting a strong policy on Iran; appeasement of Iran, makes a good banner. Yet, its failure to adopt a cohesive Iran policy has not prevented the US from demanding clarity from others. Such demands become shriller vis-à-vis India. Former US Under-Secretary of State Nicholas Burns, for example, referred to India’s defiance of unilateral US oil sanctions ‘a slap in the face of the US’ and went on to suggest that it also “raises questions about its ability to lead.” That is, India should lead the world on Iran by following the US!

Three, Iran is far too important a country in the region to be ignored; but at the same time, it is also too troublesome to befriend. The US is not the only country that has troubles with Iran; even Russia does. Russia continues to be one of the few countries that is still ready to support Iran,

especially on the nuclear issue. Even though it had, along with China, supported various anti-Iranian resolutions in the IAEA and UNSC, Russia continues to profess friendship with Iran. But that did not prevent Iran from taking Russia to the International Court of Justice for its 'failure' to supply the S-300 air defence system.

Further, the prolonged and pivotal role played by the UAE in busting some of the US-imposed sanctions has not resulted in Tehran moderating its positions regarding the three Emiratee islands that it captured in 1971. Both Bahrain and Saudi Arabia accuse Iran of festering domestic unrest in Bahrain. Iran is also seen as the only prominent country in the Middle East to rally behind the beleaguered Assad regime in Damascus.

Under these unfavourable circumstances, if India is determined to continue its close economic and energy ties with Tehran, what does it indicate? Nation states are inanimate objects and hence India's defiance cannot be an emotional decision. If it is neither emotional nor irrational, then how does one decipher the Indian choice on Iran? Lack of alternate suppliers and technological bottlenecks faced by Iranian-crude based Indian refineries are serious and valid reasons.

However, these could have been stated directly to the US and sorted out. If one were to exclude naïveté as exhibited before the 2005 IAEA vote of anticipating American opposition, one can attribute two possible motives to India's course of action: One, it is trying to capitalize on the economic difficulties of Iran by using the Rupee payment arrangement to increase its exports and thus reduce the trade imbalance that is heavily loaded against it. India's exports to Iran are about 10 per cent of its imports from Teheran. Therefore, defiance makes some economic sense.

However, there also appears to be a larger game plan in the Indian defiance. While the US continues to be the most powerful country in the world, its influence in the Middle East has eroded in recent years. Two costly adventures in Iraq and Afghanistan and the stalled Middle East peace process have eroded American influence and even relevance. Both are the historical legacy of George W. Bush, but Obama has also lost considerable goodwill in the region due to US responses to the Arab Spring. The protesting public was upset because Washington was too slow to respond while the beleaguered rulers are upset because, despite their loyalty, the US failed to stand by its friends in their hour of need. The sudden dumping of President Hosni Mubarak was seen by many as a sign of their own fate when the time comes. Indeed, Hamad al-Khalifa is still in power in Bahrain not because of President Obama's goodwill but because of the determination exhibited by King Abdullah of Saudi Arabia. As some have argued, at least in the Middle East, defiance of the US is neither difficult nor costly.

The American inability to provide effective leadership in the Middle East is a sufficient incentive for Indian defiance over unilateral oil sanctions against Iran. Yes, this defiance has difficulties

and problems, but it is worth the price to assert India's independent foreign policy making. Following the US lead on Iran would have made India a loyal camp follower but not an important player. Perhaps President Obama's former senior adviser Dennis Ross was not wrong when he admonished India by saying that New Delhi wants "to play a role internationally, but then they want to be able to play by their own rules."

Otherwise, why defy the US over Iran?

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