



## A subdued Indo - Iran Bilateral

### What is the issue?

\n\n

\n

- Iranian president Hassan Rouhani's recent visit to India was a low-key affair due to the multiple aspects constraining Iran currently.

\n

- Nonetheless, these engagements are crucial in the long-term perspective.

\n

\n\n

### How has the Indo-Iranian partnership evolved over the years?

\n\n

\n

- While civilisation ties span over 2000 years, in the early years after independence, Iran's pro-US tilt was a hindrance for engagements with India

\n

- After the Islamic Revolution of 1979, Iran became a theocracy and a strong pro-Pakistan tilt took shape, which furthered Indo-Iran disconnect.

\n

- It was only during the late 1990s and the early years of the last decade that both countries achieved a degree of strategic convergence.

\n

- Notably, India and Iran (also Russia) cooperated in supporting the Northern Alliance in Afghanistan against the Pakistan-backed Taliban's expansion.

\n

- In 2003, President Mohammad Khatami was the chief guest at the Republic Day when the New Delhi Declaration involving multiple projects was signed.

\n

- This euphoria was but halted when the U.S. reprimanded Iran for pursuing a nuclear enrichment programme, and followed it up with sanctions.

\n

\n\n

## How did things fare in the sanction years?

\n\n

\n

- As Iran simply refused to halt its nuclear program, U.S. and other international players started increasing sanctions progressively.

\n

- Due to international pressure India even voted against Iran in the International Atomic Energy Agency (IAEA), which further hit ties.

\n

- Significantly, this was also a time when India was pursuing a nuclear deal with the US to kickstart its stalled Nuclear Power Projects (123 pact).

\n

- As the 2015 Iranian nuclear deal eased sanctions, India increased its oil imports from Iran and also reactivated the stalled Chabahar Port project.

\n

\n\n

## What is the Iranian Nuclear Deal?

\n\n

\n

- The “Joint Comprehensive Plan of Action” (JCPOA or Iranian nuclear deal) was spearheaded by the Obama administration and was signed in 2015.

\n

- This was a compromise that came with a promise to ease economic sanctions on Iran if it were to give up its nuclear enrichment program.

\n

- The deal was multilateral with other parties like China, France, Germany, Russia, the U.K., and the EU, and upholds a joint commitment.

\n

- Further, the JCPOA was unanimously supported by the UN Security Council (Resolution 2231) enabling Security Council sanctions to be lifted.

\n

- While other countries which are party to the deal remain committed to it, the Trump administration has discredited it and called for its scrapping.

\n

- Mr. Trump perceives the nuclear deal as inadequate as it doesn't cover Iran's missile program and militant activities (Iran's role in Syria and Yemen).

\n

- While other parties too feel that these need to be addressed, they perceive JCPOA as a start to create political space for furthering negotiations.

\n

- The US attitude has caused much uncertainty in Iranian domestic polity and

foreign policy and also affected its post sanction economic recovery.

\n

- Notably, Mr. Rouhani declared recently that Iran continues to comply with the 2015 nuclear deal, and warned US for its irresponsible attitude.

\n

\n\n

### How are these reflecting in Iran's internal polity?

\n\n

\n

- In what is being perceived as a reaction to rising prices and growing corruption, a street unrest has been spread to many cities in Iran.
- This is partly due to economic grievances that had been accentuated due the slower than promised pace of lifting sanctions (after the nuclear 2015 deal).
- Considering Mr. Trump's rhetoric, it is imminent that the US will backout of the deal, which could aggravate the economic costs for Iran.
- If Mr. Rouhani failed in his endeavour to deliver economically, it would weaken his position with Iran, which will open up space for radicalists.
- An increasing legitimacy for radicals within Iran is in nobody's interest.

\n

\n\n

### What are the specifics of the current India visit?

\n\n

\n

- **Positives** - Despite multiple pressures, India has vouched support for JCPOA, enhancing bilateral consultations connectivity for Afghanistan.
- Nine MoUs were signed that included - avoidance of double taxation, visa simplification, cooperation in agriculture, medicine, and trade.
- An interim lease contract for Phase 1 of Chabahar was also issued.
- Rupee based transaction arrangements have been agreed upon, which could provide an alternative if US sanctions kicks in and hinder dollar deals.
- However, the sanctity of this will need to be tested before private parties on both sides begin to use it.

\n

- **Negatives** - There has been little forward movement on the big projects that were highlighted when Mr. Modi visited Tehran last year.

\n

- The negotiations on the long standing Farzad-B gas field remain stuck, with both sides blaming the other for shifting the goalposts.

\n

- Talk about an aluminium smelter plant and a urea plant to build up Indian investments in the Chabahar free trade zone hasn't progressed.

\n

- While a railway link to connect Chabahar and Afghanistan has been mentioned, the economic rationale for the \$2 billion investment is missing.

\n

\n\n

## What is the way forward?

\n\n

\n

- Concerns regarding the domestic unrest and the near-term developments in Syria and Yemen have been limiting Iran's foreign engagements.

\n

- India too has been tries to find a balance ties with Iran on side and the U.S. and Israel on the other, which could prove difficult.

\n

- So far, trade between the two countries has hovered around \$10 billion, with two-thirds of it accounted for in terms of oil imports from Iran.

\n

- While there is much potential to enhance this, for the present, it looks like both countries are proceeding ahead with modest expectations.

\n

- Additionally, the uncertainties surrounding the JCPOA provide further justification for adopting a 'wait and watch' approach.

\n

\n\n

\n\n

**Source: The Hindu**

\n



# IAS PARLIAMENT

*Information is Empowering*

A Shankar IAS Academy Initiative