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Indo-Iranian Relationship

What is the issue?

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Trump administration is very hostile towards Iran which could dismantle the most successful agreement (Iran and P5+1 nuclear deal) causing another regional tension in West Asia.

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What is the ground scenario?

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- Trump administration is terming Iran “a leading state sponsor of terror”, and a supporter of crisis in Yemen and Syria.

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- US long term allies Saudi and Israel are increasing its pressure on US to increase its presence in West Asia and de-stabilize Iran.

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- This is evidently seen by increasing U.S. troops abroad have been accompanied by an unprecedented \$54 billion increase in the defence budget.

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How does this tension affect Indo Iranian relation?

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- In October 2016, **Iran was India's largest supplier of crude oil**, with its exports to India exceeding the overall largest supplier Saudi Arabia's exports of 697,000 barrels per day (bpd) by over 10%.

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- India is also funnelling Iranian oil into its expanding strategic petroleum

reserves (SPR), with a view to holding 90 days' supply against contingencies.

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- Crucially, Tehran has consistently offered New Delhi very favourable terms, including non-dollar oil sales and other commercial attractions.

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- Iran buys basmati rice and sugar from India, as well as various agrochemicals and petroleum products.

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- The Indian government has, furthermore, taken steps to reassure Indian insurers in the public and private sectors, as well as banks, over the risks of handling Iranian money while the U.S. sanctions regime remains in force.

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- In addition, India and Iran have reached agreement on the expansion of several industrial facilities at **the port of Chabahar**.

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- Another substantial deal is the one under preparation for India to have operating rights in the Farzad B gas field, which lies within Iranian waters in the Persian Gulf.

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- **One more sanctions by international community Iran will severely undermine the progress made till now.**

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- Among the commercial agreements which have followed the Iran nuclear deal (the Joint Comprehensive Plan of Action between Iran, the five permanent members of the United Nations Security Council and the European Union), is a 10-year, \$16.6-billion contract for the aerospace giant Boeing to supply Iran Air with 80 passenger aircraft.

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- Thus any attack on Iran could put about 1, 00,000 U.S. jobs at risk.

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Source: The Hindu

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